FINANCIAL TIMES
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Pied Piper Reagan enthralls young America, Page 5

NEWS SUMMARY

GENERAL

U.S. says Moscow violated controls

President Ronald Reagan expressed serious concern over the Soviet Union's failure to comply with past arms control obligations and commitments, stating that compliance is "fundamental to the arms control process."

Mr Reagan's comments came in a letter to Congress attached to a long-awaited report by an independent advisory committee, which studied Soviet compliance with arms control agreements over the past 25 years.

An unclassified version of the report was released after pressure from the Pentagon and right-wingers, who argue that it proves the need for tough verification requirements in any future agreement with the Soviet Union. Page 5

Archbishop charged

Roman Catholic Archbishop Denis Hurley of Durban was summoned to appear in court later this month to face charges under South Africa's Police Act, for criticising a police counter-insurgency unit operating in Namibia.

Iceland deadlock

Iceland's political crisis deepened when talks between the Government and the public sector union, 11,000 of whose members have been on strike for a week, reached deadlock. Page 20

Jordan accord

Jordan and Egypt agreed to form a joint Prime Ministerial committee to implement a programme of co-operation in all fields, it was announced at the end of a visit to Jordan by Egyptian President Hosni Mubarak. Earlier report Page 4

Duarte Line

President José Napoleon Duarte of El Salvador, due to meet guerrilla leaders for peace talks on Monday, ruled out power sharing with the rebels, saying "power springs from the ballot, not the bullet." Page 5

Chileans freed

Seven Chilean opposition leaders were released after 24 hours in prison when President Augusto Pinochet decided to drop charges arising from a protest against the military Government last month. Page 5

Nobel Czech

Dissident Czechoslovak poet Jaroslav Seifert has won the 1984 Nobel literature prize, worth $190,000. Seifert, 83, stood in as chairman of the Czechoslovak Writers Union after the Soviet-led invasion in 1968, which he condemned. Page 3

Pit talks resume

A peace formula put to the UK miners' union yesterday was accepted as a basis for talks on ending the 31-week-old dispute. The coal board refused to agree to it, however, during talks at the offices of Acas, the conciliation service. Talks continue today. Page 12

Senate clears U.S.

The U.S. Senate Intelligence Committee said it had found no evidence to support allegations that U.S. military or intelligence officials supported right-wing death squads in El Salvador.

Businessmen indicted

Five businessmen in Chicago were indicted on federal charges of conspiring to sell millions of dollars of military parts to Iran.

Cyprus ports reopen

Ports in Cyprus returned to normal after government mediation ended a four-day strike by truck drivers who move goods inside port areas.

BUSINESS

Honda's profits up by a third

HONDA MOTORS boosted group net profit 33.7 per cent to Y58bn ($234.3m) in the six months to August 31, after a 12.4 per cent growth in sales to Y1,346.4bn.

Directors said the fall in the value of the yen against the dollar aided the result. The company's exports to the U.S. are expected to expand in the current financial year. Page 21

WALL STREET: The Dow Jones industrial average closed up 5.85 at 1,183.08. Section III

LONDON equities reflected interest rate hopes. The FT Industrial Ordinary index put on 3.8 to 870.6. Section III

TOKYO stocks were mixed in slow dealings. The Nikkei-Dow market average added 28.15 to 10,696.86. Section III

DOLLAR gained in London to DM 3.096 (DM 3.0755), SwFr 2.5475 (SwFr 2.5375), FFr 9.4925 (FFr 9.425) and Y247.9 (Y247.3). On Bank of England figures, its trade-weighted index was unchanged at 142.9. In New York it closed at DM 3.118, FFr 9.5575, SwFr 2.5555 and Y248.55. Page 43

STERLING fell to $1.2255 in London, a loss of 75 points. It was also lower at FFr 11.6125 (FFr 11.6725), SwFr 3.1225 (SwFr 3.1275) and Y303.75 (Y305.50), but improved to DM 3.7925 (DM 3.79). Its trade-weighted index remained steady at 76.3. In New York it closed at $1.222. Page 43

GOLD rose $1.50 on the London bullion market to $339.25. It also improved in Frankfurt to $339.00 and in Zurich to $339.25. In New York the Comex Ocotober settlement was $336.70. Page 42

AUSTRIA is to cut the tax on interest on bonds and deposits from 7.5 per cent to 5 per cent as the first measure to revive its capital market. Page 44

U.S. MONEY supply M-1 rose $1.5bn to $548.3bn in the week ended October 1.

JAPAN's five leading city commercial banks plan to break with tradition and make big equity issues at market prices next Spring. Page 29

MANUFACTURERS Hanover, fourth largest U.S. commercial bank, increased third-quarter net earnings to $88.6m from $88m after substantial loan loss provisions. Page 20

MARINE MIDLAND increased third-quarter profits to $27.7m (against $28.9m) and nine-months earnings to $76.7m ($73.8m).

THOMSON-CSF: net loss in the first half was trimmed to FFr 130m ($13.6m) from $ FFr 278m.

J. P. MORGAN, U.S. banking group, lifted third-quarter net earnings by 19 per cent to $120.4m, raising the nine-month figure to $370.1m from $333.9m. Other U.S. bank results, Page 21; The rise of Security Pacific, Page 11

BANK OF ENGLAND confirmed that some public money might have to be used in the rescue of Johnson Matthey Bankers. Page 28

IBM increased third-quarter net income by 21.6 per cent to $1.58bn, while the nine-month figure was 21.8 per cent ahead at $4.41bn. Page 21

MOTOROLA: third-quarter profits of $124m (against $66m) were buoyed by a $38m gain from changes in federal tax laws. Sales surged to $1.38bn from $1.08bn.

We apologise for an abnormal number of misprints in this edition because of industrial action by members of the National Graphical Association in the London proof-reading department.

Britain considers purchase of gas from Soviet Union

BY DOMINIC LAWSON IN LONDON

THE BRITISH Gas Corporation is considering future imports of gas from the Soviet Union. At a two-day conference which ended yesterday, Mr Malcolm Wesley, manager of gas-supply planning at British Gas, said: "We are seriously considering the logistics of importing gas from the Soviet Union."

Any move towards a deal with the Soviet Union might well be opposed by the British Government, and would probably bring objections from the U.S., which has consistently tried to persuade West European governments on strategic grounds not to look to the Soviet Union for gas supplies.

British Gas expects UK gas production to fall short of demand by the mid-1990s. It has been attempting to conclude agreement with Norway to buy £20bn ($24.6bn) worth of gas to fill the gap, but this is currently being blocked by the UK Government.

Although British Gas has expressed a general interest in importing gas from the Soviet Union which owns about third of estimated world natural gas reserves, it has never previously admitted that it is studying specific plans.

Before concluding its deal to buy gas from Norway however, British Gas did attempt no negotiate with Soyzgazeksport of the Soviet Union, but was prevented from doing so by the UK Government.

British Gas's renewed interest in Soviet gas could become of immediate significance if the British Government permanently blocks the deal to buy Norwegian gas.

In order to carry out its statutory duty to ensure that it can comfortably match its customers' demand for gas, British Gas would most likely turn to the Netherlands as an alternative to Norway.

That is also the stage at which Soviet gas would be considered, because Gasunie, the Dutch gas utility, would probably be unable to meet all the needs of British Gas. It would be feasible for the UK to import additional supplies from the USSR through the Dutch gas terminal at Callantshoog, by pipeline to the Bacton gas terminal.

The Dutch favour such transmission networks because they know that when their own fields are depleted they could continue to gain revenue by acting as a transmission bridge for the gas from the giant Siberian gas fields.

British Gas has also looked at the possibility of a future cross-Channel link for Soviet gas with France. France is Western Europe's largest customer for Soviet gas after West Germany, and is currently oversupplied with Soviet gas.

The advantage of a link with the Netherlands is that it could itself continue to supply the UK with gas in the event that supplies from the Soviet Union are cut.

The question of price is also an issue in the Dutch-Soviet option because it would cost about $4 per million BTU to land Soviet gas at Bacton. This compares with an agreed price of $4.10 per m BTU for Sleipner gas.

The Soviet Union has recently made great strides in its exports of gas to West Europe. It is close to finalising terms to supply Ruhrgas of West Germany with an extra 10.5bn cu m a year at a price of about $3.80 per m BTU.

The deal with Germany went ahead despite opposition from Washington. Likewise, the U.S. Government wants the UK to buy gas from Norway, which would remove the need for the UK to buy Soviet gas until the next century. The British Foreign Office, for similar reasons, is anxious to see the Sleipner deal go ahead.

Lomé aid package will disappoint Third World

BY IVO DAWNAY IN BRUSSELS

EEC Development Ministers yesterday agreed to provide Ecu 7bn ($5bn) to fund the new five-year Lomé trade and aid pact between the Community and 64 African Caribbean and Pacific (ACP) countries.

The sum is certain to be greeted as a disappointment by the ACP, which had hoped for a figure closer to Ecu 8bn. The new total represents a 51 per cent increase on the Ecu 4.64bn provided under the current five-year pact.

Development experts estimate, however, that the rise will barely cover the effects of inflation, and at best represent a standstill in the level of Community aid.

The new funds will be supplemented by up to Ecu 1bn in soft loans from the European Investment Bank (EIB). It has been pointed out, however, that only Ecu 500m of the Ecu 700m allocated by the EIB for the last treaty has been taken up due to the CP countries' shortage of funds, even to service low-cost loans.

Some additional funding may come from Spain and Portugal, assuming they join the Community on January 1 1986 as scheduled.

A significant proportion of that is expected to be used to redistribute and reduce each EEC member state's share of the total. The Netherlands, Denmark and Belgium argued into the early hours of yesterday for a reworking of the "key" which apportions European Development Fund costs to each member-state, claiming they had long paid disproportionately in relation to population and GNP.

Final agreement came after 12 hours of wrangling in which France had held out for an Ecu 7.5bn package against UK and West German insistence on a maximum of Ecu 7bn.

The discussion centred on fundamental disagreements on development policy between those, such as Britain, seeking big concessions on trade access for the ACP products to EEC markets and the French insistence on continued trade restriction but higher funding.

In a scarcely veiled criticism of the French, Mr Timothy Raison, the UK Overseas Development Minister, said yesterday that the UK had made a real effort in increasing the aid to a level that meant a full renewal of the resources of the European Development Fund.

Mr Raison said the aid package was "a considerable achievement" when compared with the $9bn replenishment of International Development Agency aid this year, which was a 25 percentage point drop in cash terms compared with the $12bn previously allocated.

The argument for trade concession as opposed to greater aid provision was borne out earlier this year in an International Food Policy Research Institute survey. That claimed that a 50 per cent reduction in trade barriers by OECD countries would increase developing countries' exports by about 11 per cent, or $3bn, annually.

Bull to be IBM-compatible

BY DAVID MARSH IN PARIS

BULL, the French state-owned data processing company, is developing a personal computer which will be compatible with equipment from IBM of the U.S.

The move to follow the standard set by the world's dominant computer group effectively marks the end of 20 years of French efforts to develop a fully independent computer industry based on computers incompatible with IBM machines.

Bull confirmed yesterday that it had an IBM-compatible computer "under study," although no decision had been made about launching it.

Bull has evolved, over the last two decades, during a tortuous series of mostly ill-fated mergers and reorganisations, as the product of a national computer effort inaugurated by President Charles de Gaulle in 1963.

After being taken more fully under state control in the 1982 nationalisations Bull, which is making reduced but still heavy losses, has become more open to international computer alliances. It has, however, steadfastly refused to make IBM-compatible machines until now.

IBM reported increases of more than 21 per cent in third-quarter and nine-month net earnings, but said the strength of the dollar was seriously affecting its gross income. Page 21. Voice recognition at IBM's U.S. laboratory, Page 32

The company is a leading member of the group of 12 European computer and communications manufacturers which, in March this year, agreed to put into effect common standards to challenge the dominance of IBM.

Now, faced with the steady growth in IBM's importance in the personal computer market, Bull has decided there is no alternative but to follow the U.S. giant's standards.

IBM is thought to account for about half of the overall French computer market.

Paris-based consultants Intelligent Electronics, say that IBM and Apple are expected to head the personal computer market in France this year, with sales of about 35,000 units each. Bull has never developed a popular personal computer. Its top-of-the-range managerial computer, Micral – annual production of about 15,000 – is expected to achieve sales of about 5,000 units in France, according to the consulting company.

Bull yesterday announced agreement with Spain to develop office automation and company communications equipment in collaboration with the Spanish Ministry of Information and Technology. The accord will give Bull a strong role in Spain's information technology programme, also involving participation of the national telecommunications and electronics companies.

European air chiefs agree on outline for new fighter

By Lynton McLain in London

THE FIVE European countries involved in a programme to design and build a fighter aircraft for service by 1995 agreed yesterday on its main features – a step forward achieved after substantial differences and one which could lead to orders for 1,000 of the aircraft worth an estimated £15bn ($18.4bn).

The agreement, signed in Rome by the air chiefs of staff of the UK, France, West Germany, Spain and Italy, is likely to come as a blow to U.S. aircraft companies such as General Dynamics and McDonnell Douglas which have supplied many fighters to Europe.

Not all the differences – particularly between France and Britain – have been resolved, however. Leadership of the project and the choice of engines, over which the two countries have disagreed, remain undecided.

Nevertheless, the broad characteristics of the Eurofighter agreed are for a single-seat, twin-engine, agile, short take-off and landing fighter, with a delta canard design embodying small wings at the front and a delta wing at the rear.

The aircraft is to be designed to have two roles, in air defence and in air-to-surface action. The air defence role is paramount, however, and "is to be the main conditioning factor in the design," the UK Ministry of Defence said last night.

This suggests that the earlier insistence by France that the air-to-surface role should be dominant has been subsumed into the requirements of the other four nations.

The agreement clears the aerospace industries of the five nations to press ahead with the detailed, definitive feasibility studies that they have been gradually working towards since December last year when the chiefs of air staff spelt out the first outline target for the fighter.

The emphasis in the accord on affordability is likely to make the Eurofighter attractive in world export markets.

Nuclear sites strengthened and conventional forces improved, Page 3; Reagan accuses Moscow, Page 5

French unrest as unions flex muscles

BY DAVID MARSH IN PARIS

SPORADIC but widespread industrial unrest broke out in France yesterday, underlining mounting trade union discontent over rising unemployment and falling living standards.

Unrelated bomb explosions – none of them serious – hit the southern cities of Marseilles, Toulon and Biarritz, apparently the work of Corsican and Basque nationalists, early yesterday morning. Lorry drivers blockaded overnight traffic in the Alps and public service workers declared a one-day strike for October 25.

The general climate of labour relations around France remains calm, but the incidents in manufacturing industry – frequently orchestrated by the Communist-led Confederation Générale du Travail (CGT) trade union show how tempers are heating up, especially in key nationalised sectors.

In the latest string of protests:

- Around 100 sacked car workers occupied the Citroën car plant at Nanterre, west of Paris, to demonstrate against this Autumn's large layoffs at the company, part of the private sector Peugeot group. The action passed off peacefully.
- A 50-strong group of demonstrators, many of them CGT members, on Wednesday evening ransacked the offices of the Socialist deputy in St Nazaire on the Atlantic coast, to protest against shipyard cuts in the Nantes region.
- A CGT-led strike disrupted production at factories belonging to the Renault car group in the Annency area near the Swiss border.
- About 2,000 workers from the bankrupt Creusot-Loire engineering group rallied at Le Creusot in Burgundy before moving to Châlon-sur-Saône to voice disapproval over planned redundancies.
- Flight delays continued at Charles de Gaulle airport, north of Paris, as a result of a week-long strike of ground personnel. Similar isolated disturbances in recent days have held up traffic at airports in the south of France.
- Two managers at shipyards at La Seyne, near Marseilles, were released yesterday after being held hostage for almost a day in their offices by about 100 angry CGT workers.

The key role of the CGT in many of the protests emphasises the trade union's determination to flex its industrial muscles in the wake of the Communists' decision to leave the Socialist-led Government in July. The CGT also yesterday called for a 24-hour national theatre strike on October 23. Government officials, however, believe that the CGT– hit by declining membership caused by the problems of heavy industry – lacks the strength to mount all-out labour stoppages.

Consumer prices fall, Page 3; Shipyard protests in Spain and Portugal, Page 2

Marc Rich group to pay $200m in fines

BY PAUL TAYLOR IN NEW YORK

THE U.S. Government yesterday agreed to a partial settlement of its long-running tax evasion case against the Swiss-based Marc Rich commodities trading group in return for some of the defendants pleading guilty to some charges and paying about $200m in fines and other penalties.

The deal, which had been expected, appears to clear the way for the Marc Rich group to resume normal trading in the U.S. It specifically excludes, however, dropping charges against Mr Marc Rich and his colleague, Mr Pincus Green, who remain fugitives.

The terms of the agreement, which has been under negotiation for several weeks and which was accelerated by the Swiss authorities' refusal late last month to a U.S. request for the extradition of Mr Rich and Mr Green, were set out yesterday in a New York courtroom by lawyers for the U. S. Attorney's office.

The government lawyers said the proposed settlement, described as "a plea and settlement" was valued at a total of about $200m and represented the largest ever recovery in a federal income tax case.

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CONTENTS

EUROPEAN NEWS

Another year of loss for non-life insurance

By John Wicks in Zurich

FOR THE second successive year, the non-life insurance business in all leading Western markets showed an underwriting loss in 1982, according to a report issued by the Swiss Reinsurance Company.

The Zurich-based company says that underwriting results of non-life insurers appear to have improved slightly in some countries last year, but had "stabilised at a high negative level" or further deteriorated in others.

The report blames the unfavourable conditions on higher insurance values, natural catastrophes, more stringent legislation and court practices, growing crime and higher demands by insured parties.

"Premium growth in most countries cannot keep pace with the rising claim costs," says Swiss Reinsurance. "Persistently strong pressure on rates and increasing cut-throat competition are the consequences."

Losses in the motor-insurance sector are seen as of decisive importance to the non-life insurance industry as a whole.

Elsewhere, fire insurance is said to be in a "most critical situation, while underwriters losses were also reported by most countries in the field of marine, burglary, accident and third-party business.

● "Industrial insurers and reinsurers in the U.S. are in the process of doing each other to death," Mr Guenther Marx, a member of the executive board of the Bavarian Re-Insurance company said at a symposium organised by Zurich Insurance.

Money was to be made only in the personal-insurance business in the U.S. today, he added. His "white list of 24 secure industrial insurers" included no U.S. firms.

Kevin Done and **Diana Smith** examine implications of Sweden's and Portugal's moves to admit foreign banks

Stockholm follows other laggards in from the cold

SWEDEN IS coming in from the cold. The only country left in the industrialised world which does not allow foreign banking operations, is planning to open its borders. The move has been forced on Stockholm partly by the tactics of its neighbour, Norway.

Ever eager to score points, Norway used the opportunity of its own plans for liberalisation to point out earlier this year that Sweden would soon be the only country in Europe "aside from the dictatorships in the East bloc" still to maintain a ban on foreign banks.

With Norway following other laggards such as Australia and Portugal into the international fold Mr Rolf Presthus, the Norwegian Finance Minister, noted that Swedish banks would be banned from Norway until Norwegian banks had the right to establish themselves in Sweden.

A special committee of inquiry set up last year by the Swedish Government to examine the structure of the credit market has now accepted that "this unilateral isolation of the Swedish credit market is, in the long run, untenable." The Government ordered the committee to speed up its work on foreign banks and in an interim report issued last week, the committee gave the green light for their admission.

The report suggests that the proposed changes in the banking law should come into force on July 1, 1985, and that foreign banks should then be given four months in which to lodge their applications. It should be feasible for the foreign banks to start operations around the beginning of 1986.

The main demands the committee suggests the foreign banks should have to satisfy are:

● Foreign banks should establish subsidiaries not branches.

● Several could co-operate to form a jointly-owned consortium bank, but they should not be allowed to take in a Swedish partner.

● Foreign banks will not be allowed to buy a holding in existing Swedish banks.

● Until the committee has completed its work on credit market reforms, foreign banks should be prohibited from establishing further subsidiaries such as finance or brokerage companies.

● Foreign banks' equity capital will be limited to a maximum of Skr75m (£7m), and a minimum of Skr25m in the first years of operation.

● Foreign banks will not be able to hold shares in businesses "alien to a bank." Foreign parent banks should have their own shares widely held. "They should not be dominated by one or a number of owners or owner groups." The committee does not explain how this rule should apply to the state-owned French banks, several of which appear eager to enter the Swedish market.

● A maximum of one-third of board members would be allowed to be foreigners or non-residents and the chairman would normally have to be a resident Swede.

It remains to be seen just how desirable the Swedish market will prove for foreign banks, although some 27 have already established or are seeking permits for representative offices which have previously been allowed. They range from the U.S. network banks like Citibank and Chase Manhattan, which already have large local staffs, to National Westminster, Barclays, Standard Chartered and Morgan Grenfell from the UK, Hong Kong and Shanghai Banking Corporation, Sumitomo Bank from Japan and seven French banks. The West Germans are notable by their absence. As many as 15 to 20 foreign banks are tipped to apply for full licences.

The Swedish committee leaves several key decisions in the lap of the Government, including how many banks should be allowed in a first concession round. It is in favour of some sort of quota to avoid undue disturbance in the market. The criteria for granting a licence will include the range of their existing contacts with Sweden and Swedish companies, their previous participation in Kingdom of Sweden debt issues and the quality of the parent banks.

More importantly, however, banks will be favoured if they show that they are ready to train up their own staff rather than poach from existing Swedish institutions. Swedish banks are most concerned that they could lose key staff especially foreign exchange and money market dealers.

The foreign banks will also have to undertake to "conduct a relatively broad range of activities in Sweden," including, surprisingly, retail banking.

Most foreign banks are interested in the Swedish market, however, because of the better access they could obtain to high quality Swedish corporate clients and most are aiming to concentrate on specialised wholesale banking services.

The foreign banks accept that they cannot hope to compete in Swedish kronor lending, where the domestic banks have a stranglehold on cheap deposits from households. They see their strength in exploiting their international networks, to assist Swedish exporters and their foreign subsidiaries.

Foreign exchange, trade financing, and above all international payments and corporate cash management are areas where they think they can carve out a profitable market share, as well as investment banking, which has been underdeveloped in Sweden until the last couple of years.

Differences of opinion have emerged too among the committee and its expert advisers, most notably Mr Curt Olsson, chairman of Skandinaviska Enskilda Banken. In his own memorandum to the committee's report he calls on the Government to allow foreign banks to take up to 20 per cent of the equity of a Swedish bank —Finland and Norway have similar regulations — and to allow Swedish banks to enter into new joint ventures with foreign banks.

Ironically, it is the foreign banks which will soon be able to lay the best claim to offering corporate clients a pan-Nordic banking service, a point already stressed in large glossy advertisements by Citibank and Samuel Montagu at Stockholm and Helsinki airports.

CHASE

SOMEONE WEARING dark glasses on a pitch-black night would find it difficult not to notice the latest addition to Lisbon's expensive office space, a vast pile painted an amazing shade of yellow. Customers of Chase Manhattan Bank, which is reported to be one of the building's first inhabitants, will presumably find the experience quite dazzling.

But it may pay off for Chase, which along with Manufacturers Hanover Trust, has been authorised to open a full branch in Portugal, the first foreign bank allowed in since the 1975 revolution.

The path of entry has been strewn with obstacles. It became possible early this year for Portuguese or foreign enterprises to apply for a banking licence, assuming they could be bothered to produce a dossier containing hundreds of pages of facts, certificates and affidavits and to await the good offices of the bureaucracy.

Chase and Manufacturers Hanover were among the ten concerns—nine foreign and one Portuguese—who felt it was worth the effort. Each bank had its own reasons: some simply wished to expand others had an eye on Portugal's impending accession to the European Community.

By July, only five foreign applicants—Chase Manhattan, Manufacturers Hanover Trust, Citibank, Banque Nationale de Paris and Belgian Societe Generale de Banque, had got as far as being considered by the cabinet.

The authorities had stressed that Portugal was

CITIBANK

not ready for a spate of foreign banks: its banking system could not take a sudden, massive injection of powerful capital and competition. Probably only three or four institutions would be authorised at first.

Late in the day, a Portuguese concern, Sociedade Portuguesa de Investimento (SPI), also received the go-ahead from the Bank of Portugal. SPI was in a unique position: although 32.5 per cent of its equity is held by six foreign shareholders it has operated since 1981 as a para-banking investment company, and, as it wants to convert to an investment bank rather than a commercial bank, it needed fewer requisites to satisfy the authorities. It was a racing certainty to be approved and thus reduced the number of foreign banks likely to be accepted.

The European applicants were not included on the list. They may have suffered from the slow progress of EEC negotiations and a quiet expression of displeasure may have been as much for home consumption as for registration in Paris or Brussels.

That left the three American candidates. It seemed ostentatious to let three Americans in at once, when the Europeans were being asked to wait. Therefore, the exposure and relative historic weight of the three were examined.

On this basis, Chase and Manufacturers Hanover won, having been the first and practically the only banks to bail Portugal out of its financial bind in 1974-75, when international banks studiously looked the other way, shuddering at the thought that Eurodollars might inadvertently finance Marxist advances. Citibank was the loser.

The new banks will join Lloyds Bank International and Credit Portugais in a small market with limited corporate clients. The next authorisations could cover four banks or more—so that by late 1985 Portuguese banking will be highly diversified and more competitive than ever before.

Italian shopkeepers plan tax Bill protest

By James Buxton in Rome

ITALY'S million-odd shopkeepers are planning to close their shops for the whole day on October 23 in protest against a Government Bill which represents the country's most sweeping assault in years on tax evasion and the black economy.

The Bill, prepared by Sig Bruno Visentini, the Minister of Finance, is already facing serious opposition in parliament, particularly from parties belonging to Sig Bettin Craxi's coalition Government — even though the Cabinet itself approved the measure in late July.

Sig Visentini, a stern and well-respected figure, this week vigorously defended his proposals in parliament, and has let it be known that he will resign if they are seriously amended. If he did so, the Craxi Government would almost certainly fall.

The tax measures, expected to bring in at least L10,000bn (£4.35bn) in extra revenue next year, are aimed at tightening the screws on small businessmen, especially shopkeepers, and self-employed professionals who are collectively the biggest tax-evaders in the country.

Shopkeepers usually declare very low incomes in proportion to their sales, claiming to earn less than industrial workers, or even saying their businesses make a loss.

Self-employed professionals such as doctors and lawyers declare incomes that are on average barely above those of wage-earners.

The untaxed and unrecorded transatcions of these groups swell a black or submerged economy that some believe is equivalent to an extra 20 per cent of Gross Domestic Product.

Sig Visentini is proposing to assess the income of shopkeepers according to the value of goods they buy, on which already they pay Value Added Tax, by making an assumption about the profit margin they make when they sell it.

He also intends to restrict the practice whereby the income of a family business is distributed widely among the family members so that everybody's income remains in low tax brackets.

His Bill includes measures to tighten up the procedure whereby professionals record their incomes.

Opponents of the Bill, including many members of the Christian Democrat Party, the biggest in the Government, argue that if implemented many shops would have to close, a point strongly endorsed by the shopkeepers.

"The Visentini proposals would bring to its knees the submerged economy and black labour, which have up to now been the social shock-absorbers of the crisis," according to Senator Francesco d'Onofrio, the Christian Democrat responsible for the "middle and emerging" classes.

Sig Visentini, a trenchant 70-year-old who is chairman of the small Republican Party and formerly chairman of Olivetti, this week angrily rejected what he called "panegyrics of the submerged economy and tax evasion."

Shipyard protests hit Spain, Portugal

BY TOM BURNS IN MADRID AND DIANA SMITH IN LISBON

PROTEST demonstrations against the Spanish Government's plans to cut back the shipbuilding sector were staged in Bilbao yesterday. Workers built makeshift barricades and clashed with police who tried to keep traffic flowing.

The protests in Bilbao followed a night of severe rioting by shipyard workers in the town of Gijon.

The demonstrations have been taking place intermittently in the main shipbuilding centres ever since the Government announced in June its restructuring plans for the sector.

The programme will involve the loss of some 20,000 jobs—or about half the labour force—and the reduction of production by two-thirds.

The Communist-led trade union, Comisiones Obreras, has called for a national shipyard walk-out on October 30.

The strike call has been backed by the main Basque trade union ELA-STV and by the Intersindical Galega, a major labour movement in Galicia. The strike is opposed by the Socialist trade union, the Union General de Trabajadores (UGT).

The Gijon demonstrations were the most violent in recent years, according to local authorities.

A score of barricades were erected in the city centre, at least 12 cars were overturned and at one stage a group of protesters took refuge in a church from where they continued to hurl stones at riot police.

The police replied with rubber bullets and tear gas. Several protesters and policemen were hurt but no serious injuries were reported.

In recent weeks, protest demonstrations have occurred in Galicia, and in Cadiz, in the south of Spain, and the Government is braced for further violence in the run-up to the October 30 strike call.

Spain's once blossoming shipbuilding sector has declined drastically since 1975

In Portugal, workers at Lisnave, the country's main shipyard, are holding strikes and protest marches hoping to goad management into paying several week's back wages.

Although the yard has more repair orders than last year, the average price to customers has been about $8 an hour, while average costs are about $12 an hour.

Lisnave is heavily overmanned. Labour overheads in slack periods have caused large losses. In 1983, Lisnave owed workers five months' back wages or benefits. This year, the average period owed has been about eight weeks.

The yard now has government approval for drastic redundancies, cutting the payroll of 6,000 by 1,700-2,000.

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EEC Commission seeks decision on car pollution tests

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Commission is pressing leaders of the Ten to make up their minds by the end of 1986 on a new series of vehicle emission standards that would bring the EEC into conformity with the U.S. and Japan by October 1995. The Commission had originally wanted a decision in 1988.

Its attempt to compress the timetable is clearly designed to head off the West German Government's decision to introduce stricter emission standards from 1989 to cut pollution. The Commission is also concerned to remove uncertainty about the future standards from the motor industry.

The move towards U.S. and Japanese standards started last July when the Commission introduced proposals for the introduction of lead-free petrol and for the imposition of stricter emission standards in two phases.

Yesterday, it suggested that the Council of Ministers should adopt not a single precise standard to come into effect in 1995 but a range, measured by the weight of pollutants in a test emission.

That range covers carbon monoxide, unburnt hydrocarbons and nitrogen oxide.

The proposal for a range reflects the fact that catalytic converters, the present technology for cleaning up vehicle exhausts, deteriorate in efficiency. The converters are used in the U.S. and Japan.

It is that technique that West Germany wants to adopt as the most rapid means available for cutting back pollutants which are linked with acid rain. But the desire of other nations, such as the UK, to bypass converters and go straight to the development of the lean-burn engine is one reason why there is such a long lead time in the Commission proposal.

It is precisely such difficulties that have prevented the EEC Council of Ministers from reaching decisions on vehicle emission standards for the late 1980s and 1990s.

COMMISSION EXHAUST PROPOSALS (grammes per test)

	Standard from 1988-91	1995
Carbon monoxide	45	10-35
Hydrocarbons and nitrogen oxide	15	2.6-8.2
Nitrogen oxide	6	1.1-4

Reuter reports from Bonn: West German forestry officials are reporting an alarming increase in the rate of destruction of trees by "acid rain" and other airborne pollution.

According to recent figures, the area afected has more than quadrupled from the 8 per cent of the country's forests reported to be affected in 1982.

The most dramatic deterioration is in deciduous forests, where severe damage has been found in beech and oak trees.

Previously, the ailment appeared to be largely restricted to evergreens, which shed their needles about every 10 years and are, therefore, more vulnerable to pollutants.

French consumer prices fall slower than hoped

BY DAVID HOUSEGO IN PARIS

FRENCH consumer prices rose by 0.5 per cent in September, confirming that the country's inflation rate is decreasing more slowly than the Government had hoped.

The September increase announced by the official statistics institute Insee brings the year-on-year rate down to 7.1 per cent from 9.3 per cent at the end of 1983.

It means that consumer prices have grown by a cumulative 5.4 per cent in the first nine months of the year

The provisional French figures were announced on the same day that the Organisation for Economic Co-operation and Development published its latest figures for the increase in consumer prices in industrialised countries.

These show that prices rose by an average 0.3 per cent among the 24 member-states in August.

Jaroslav Seifert

Nobel Prize for dissident Czech poet

By David Brown in Stockholm and David Buchan in London

MR JAROSLAV SEIFERT, the 83-year-old dissident poet from Czechoslovakia, yesterday became the first writer from his country to win the Nobel Prize for Literature.

The news that he had won the SKr 1.65m (£150,000) award was broken to Mr Seifert in a Prague hospital by the Swedish ambassador. Mr Seifert, is undergoing treatment for a heart ailment. The ambassador described the poet as "overjoyed."

Official satisfaction in Prague at the award redounding to Czechoslovakia's cultural credit was made clear yesterday. The CTK news agency hailed Mr Seifert as a "national artist" and praised his work as showing "a distinctly positive attitude to man's struggle for social justice and consummation of life in peace."

Mr Seifert started his political life as a member of the Czech Communist Party, but broke with it in 1929 and became a social democrat.

He acibeved official favour only in the "Prague Spring" liberalistaion of 1967-68, and, for a short time after the 1963 Soviet invasion, stood in as chairman of the Czechoslovak Writers Union until it was purged.

Mr Seifert has been able to live quietly in Prague despite his signing of the Charter 77 human rights manifesto.

Since 1968 he has had little new work officially published in Czechoslovakia. But such is the popularity of his lyrical verse, praising the beauty of his native Prague, that some of his older works have recently been reprinted.

Nato to strengthen nuclear sites

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

NATO defence ministers meeting in northern Italy have approved measures intended to strengthen secrutiy at nuclear weapons sites against acts of terrorism or sabotage.

The ministers, meeting in the alliance's 14-member Nuclear Planning Group, approved measures undertaken on the recommendation of a senior Nato committee, the Weapons' Protection Group.

These include new guard towers and sensing devices which have been or are being installed at U.S. nuclear storage sites across Europe. There are currently some 6,000 short-range nuclear weapons in Europe, although this total will fall once Nato implements last year's decision to remove 1,400 of them.

European Nato officials stressed that the bases were safe but said that additional measures were always under consideration to deal with new threats such as the suicide truck bombings employed against foreign targets in the Lebanon.

At yesterday's session, Mr Caspar Weinberger, the U.S. Defence Secretary, gave his customary briefing on the East-West nuclear balance.

He did not apparently report any increase in the number of deployed medium-range SS20 Soviet missiles, from January's total of 378. But he emphasised the advances Moscow had made recently in cruise missile engineering, nuclear bombs, and mobile long-range missiles.

At a private meeting, Mr Weinberger and his West German colleague, Herr Manfred Woerner, signed a deal substantially icreasing funding for Nato's common infrastructure over the next six years. The deal has been under negotiation since June, when West Germany refused to increease its contribution to the amount required by the U.S.

It means the infrastructure fund will more than double, to \$7.86bn (£6.2bn) with the U.S. and West Germany contributing just over half and other Nato governments the rest.

Reuter adds from Bonn: West Germany's anti-nuclear movement said yesterday that it plans a 210 km "human chain" as the high point of its autumn demonstrations against armament and unemployment.

The chain, consisting of 200,000 people, would be formed on October 20, connecting the Ruhr industrial city of Duisburg with Hasselbach, near Wiesbaden, a member of the movement's co-ordinating committee said. The chain would be part of a big demonstration in the Rhine area and simultaneous rallies in Hamburg and Stuttgart.

Conventional forces 'are steadily improving'

BY OUR DEFENCE CORRESPONDENT

NATO'S conventional forces are steadily improving as new tanks and artillery and modern strike, air defence and airborne early-warning aircraft all enter service with the forces of the 16-member alliance.

However. the improvements, which include a new generation of tanks such as the U.S. Abrams M1 and the British Challenger, are on traditional lines.

Nato Governments will find it increasingly expensive to afford the next generation of advanced technology weapons.

The influential International Institute of Strategic Studies, one of the few iundependent organisations to assess with the military balance between East and West, note a similar trend the conventional forces of the Soviet Union, if not of the of "steady improvement" in whole Warsaw Pact. Economic constraints are also at play in the East, it notes.

THE 16 M4 missiles on the fifth French nuclear-missile submarine, l'Inflexible, which will enter service next April, will each carry six warheads according to M Charles Hernu, the Defence Minister.

Since the missiles on the first four French submarines carry only one warhead each, the new boat will more than double the total number of French SLBM warheads.

M Hernu told the Defence Committee of the National Assembly that the oldest submarine still in service, the Tonnant, will also be fitted with M4 missiles by 1987, but with more miniaturised warheads and a range of 5,000 km.

The IISS judgment of Nato's improving conventional forces in part corrects the cataclysmic view, prevalent in Washington over the past four years, that Nato is continuing to fall behind the Warsaw Pact in virtually every area of its non-nuclear forces.

Though they are heavily qualified, the tables in this year's *Military Balance* show that in key categories—for example, ground forces now deployed in Europe or the total number of divisions which could be deployed in war—the West is more nearly equal to the Warsaw Pact than U.S. or even Nato publications maintain.

These conclusions should bring some comfort to those who maintain that Nato must increase spending on conventional forces so as to raise the threshold at which the alliance would use nuclear weapons in the event of a Warsaw Pact attack by superior conventional forces.

However, the IISS figures note no change in the preponderance of Soviet heavy tanks and artillery—nor of the West's naval superiority.

Its analysis points clearly to increasing economic constraints as both sides endeavour to modernise their arsenals with advanced or emerging technologies.

The incorporation of advanced technology—by which Nato hopes to discount some of the Pact's conventional force superiority—could add between 4-8 per cent annually in real terms to the cost of defence procurement, IISS notes.

In contrast to improvements in the conventional field, the IISS sees little change in the nuclear balance between East and West,

The Military Balance 1984-85. The International Institute for Strategic Studies, London WC1. Price £8.75.

Security talks fail to achieve breakthrough

BY DAVID BROWN IN STOCKHOLM

THE 35-nation European Security Conference ends its third session today, having failed to achieve a breakthrough but with delegates holding out hope for progress when the forum reconvenes after the U.S. Presidential election in November.

The conference has been stalled by the disagreement between Nato and the Warsaw pact states over the general mandate of the talks.

But it appears to be near agreement on the formation of working groups early in the next session to start concrete discussions on specific measures to improve European security.

"All the ingredients are here for a start up of real negotiations. The question is now whether all sides have the political will to proceed," said one delegate from Sweden, a member of the group of neutral and non-aligned states

Mr James Goodby, Chief of the U.S. delegations said yesterday: "There has been a fairly clear-cut definition of the realm of possibilities." But he added: "No attempt has been made by the Soviet union to reach convergence with us on the larger-scale political question."

In June, the U.S. indicated a willingness to discuss one of these political questions — a neutral of the nine-first-use of force.

However, it has repeatedly drawn the line on other Soviet demands—for a pledge on the non-first-use of nuclear weapons, a ban on chemical weapons, and the establishment of nuclear free zones in Europe, and a freeze on military expenditure —as being outside the scope of the conference.

Official proposals have now been tabled by the U.S., the Soviet Union, Romania, and the neutral and non-aligned nations. A potentially thorny proposal on Mediterranean security is expected from Malta in the next session.

Opening move by Bonn in pay talks

By Rupert Cornwell in Bonn

WITH AN offer of a 2.8 per cent pay rise, the Bonn Government yesterday made the opening move in what promises to be tough wage negotiations with West Germany's 2.3m public service employees.

The offer came on the first day of serious bargaining with the ÖETV public sector union, which is seeking a 5 per cent pay increase coupled with an extra 10 days' holiday per year.

The talks now under way in Stuttgart represent the last act of an unusually hard-fought pay round, which in the early summer produced a seven-week strike in the West German engineering industry.

ÖETV, like IG Metall, the engineering union, is setting its sights on a shorter working week. Frau Monika Wulf-Mathies last night flatly rejected the initial offer, insisting that any settlement would have to include some concession on hours as well as pay.

But Herr Friedrich Zimmerman, the Interior Minister and chief government negotiator, insisted that in a time of budgetary austerity, no money was available to finance a cut in hours or extra holidays.

With inflation now running at a 15 year-low of just 1.5 per cent, an offer of 2.8 per cent from next January 1 was "honourable," he declared.

The Government has claimed that to meet the full ÖETV claim would add 10 per cent to public sector wage costs. But the union, the second biggest in West Germany, has repeatedly threatened strike action of its own if it does not win some ground on the shorter week.

ETA linked with Frankfurt bomb

FRANKFURT – A bomb attack on offices of the French bank Credit Lyonnaise is believed to be the work of supporters of the Basque separatist group ETA, justice officials in Frankfurt said.

A spokesman for the Public Prosecutor's Office said a detonator planted outside the building exploded early yesterday, damaging an office, but it failed to set off a petrol canister, which was blown clear. No one was injured.

Reuter

Singapore's Lee aims to retire in four years

BY CHRIS SHERWELL IN SINGAPORE

MR LEE KUAN YEW, Singapore's Prime Minister, aims to retire in four years' time but expects to stay in politic: in a "less-active, executive r ole," possibly in the directly election Presidency he has proposed.

Mr Lee, who is 61 and has led Singapore ever since it achieved self-rule from Britain 25 years ako, said in a television interview last night with foreign correspondents, his first on-the-record exchange with the overseas press in several years, that he would retire at 65.

He discussed the ruling People's Action Party's chances in the next election, which is expected soon, and his elder son's recent entry into politics. He also discussed at length his own vision of Singapore's political and economic future.

Among his most significant remarks, however, were those on regional matters, and he expressed particular concern about the Reagan Administration's recent open comments on the possibility of a communist take-over in the Philippines.

This, Mr Lee said, was "significant and worrisome." "By the time they sound this alarm, the situation must be grave . . .

Mr Lee also confirmed that some US$3½bn of the Philippines' total US$26bn foreign debt had been channelled through Singapore. Local banks had been asked "to make provisions for the contingency which we hope will not arise."

On domestic matters, Mr Lee said he had not settled a date for the next election—widely expected in December, a year early—but promised that it would take place in the next four to five months. He acknowledged indirectly that his party might not repeat previous clean sweeps.

Mr Lee: mood has changed among bankers

The entry into politics of his 32-year-old son, Brig.Gen. Lee Hsien Loong, was not a slight on other ministers, he declared. "I think it is a tribute to their objectivity and their willingness to incorporate the best, even if it is, or could be, a challenge to them."

On the accusation that he might be trying to create a dynasty, Mr Lee said flatly: "I don't need to seek fulfilment vicariously." He had reached a point in life, he said, where "I'd like my accounts to be closed with me, and the judgement made on what I have done."

The age of 65 was "a good target date" for retirement, he said. He supposed he would then do "something connected with politics but in a less active executive role."

On economic matters, Mr Lee said Singapore would shift into higher value-added industries and servicing, and should become a regional information centre. He doubted whether the strong Singapore dollar and high wage costs were making the country less competitive.

Asked whether Singapore should not be liberalising as a financial centre rather than seeking stronger controls, he said international central bank regulators were "signalling to us, supervise." The mood had changed among bankers in favour of regulation since the international debt crisis, he insisted.

On regional security he said the Kampuchean issue would decide the balance of forces between communist and non-communist countries in South-East Asia. A Vietnamese withdrawal from Kampuchea, and re-installation of a government not beholden to Vietnam, China or the Soviet Union, would mean a period of relative stability. Otherwise, "enormous problems arise."

Poison sweet gangsters mock Japan's police

BY ROBERT COTTRELL IN TOKYO

THE Yomiuri Shinbun, Japan's largest-selling newspaper, calls it "an unprecedented, vicious crime in the history of crimes against Japan." The criminals themselves call it "treasure hunting."

Products of a large Japanese confectioner, Morinaga and Company, are being systematically poisoned with cyanide in a campaign of extortion which threatens not only the company and its customers, but also the credibility of Japan's police force.

The campaign against Morinaga began on September 12, with the arrival of a letter demanding Y100m (£330,000), signed by "the Man with 21 faces," a name borrowed from a Japanese comic book Villain. Instead of paying up, the company contacted the police.

On Monday this week, newspaper offices in Osaka received letters saying that Morinaga sweets on display in shops would be selectively spiked with sodium cyanide. By Wednesday, police had found 11 spiked sweets, which had been helpfully labelled "danger — eat this and you die—poison." Many shops began removing Morinaga products from display on Monday.

Yesterday, police said 10 major retail chains had received letters saying that, unless they removed Morinaga products, other goods on their shelves would also be poisoned. "We are out to destray Morinaga because it is against us," said the letters, "we have many sweets laced with sodium cyanide. We have 50 of them . . . it is going to be like treasure hunting."

Though police do not know the identity of the Man with 21 Faces—*kaijin nijuichi menso* in Japanese—they are now familiar with his habits. Between March and June this year, the same gang undertook a similar campaign of harassment against Ezaki Glico, another big Japanese confectionery company.

First, the gang kidnapped Glico's president, naked, from his bath. He escaped unhurt. Two factory buildings were burnt down. In May, the gang announced its poisoning campaign against Glico, spiking its sweets with cyanide. Glico is known to have tried to pay the gang Y00m. Police foiled the pick-up, but failed to catch the criminals.

On June 26, for no acknowledged reason, the campaign against Glico stopped. In a letter to newspapers, the gang said it was "bored," and planned to take a holiday.

The Glico campaign baffled police an dpublic alike. The amount demanded by the extortionists varied. It started at Y1bn and 100 kilograms of gold; dropped to Y60m; and apparently rose against later to Y300m.

Speculation abounded that the extortionists might be in possession of information personally embarrassing to Glico executives. Police questioned current and former employees for traces of workforce bitterness.

The indicators point to a group which has considerable resources, at least in terms of organised manpower; wants large sums of money; and enjoys humiliating the police. In Monday's letter, the extortionists said senior police chiefs should resign if they failed to crack the case. Earlier letters referred to "poor stupid policemen."

Some analysts suggest that the blackmailers may be a radical fringe political group. Police are still seeking another group, believed to be a radical political faction, which bombed the Tokyo headquarters of the ruling Liberal Democratic Party last month.

Police have set up an open telephone line on which members of the public can listen to recordings of two blackmailing calls made to Moringa in recent days. The callers' voices are those of a woman and a child.

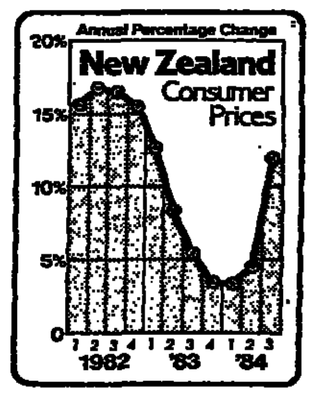
One shop in which a poisoned morinaga sweet was found this week happened to have surveillance cameras monitoring its shelves. Police are now examining the videotape, said to be of poor quality. They will be trying hard to pin down at least one of the 21 faces which mock them. As the Yomiuri concluded in its editorial, "we do not remember a case in which the police made such fools of themselves."

Australia's balance of payments in deficit

AUSTRALIA'S overall balance of payments as measured by net official monetary movements swung into a A$302m (£205m) deficit in September from a A$245m surplus in August, the Statistics Bureau said, Reupter reports from Canberra.. This compares with a deficit of A$254m a year earlier.

The deficit reflects a swing to a A$57m net apparent capital outflow from a A$1.22bn inflow in August which more than offset a drop in the current account deficit to A$245m from A$980m.

● Australia's seasonally adjusted unemployment rate fell to 8.8 per cent in September from 8.9 per cent in August and 10.4 per cent a year earlier, the Statistics Bureau said.



New Zealand's inflation rate jumped by 3 percentage points to an annual rate of 12 per cent after the New Zealand dollar was devalued by 20 per cent in July, the Government announced yesterday, AP reports from Wellington.

The Government Statistics Office said the inflation rate rose to 12 per cent during the quarter from July to September. It was the biggest quarterly rise in two years, the office said.

Car bomb found

Police said the Lebanese army thwarted a massive car bombing in Beirut yesterday shortly after Prime Minister Rashid Karami offered a public apology to Spain over the four-hour abduction of its ambassador to Lebanon, AP reports.

Gulf ship toll up

The death toll from an Iraqi air attack on a Hong Kong-owned tanker in the Gulf has risen to nine with the deaths of two Hong Kong seamen in Hehran hospital, the ship's owner said yesterday, Reuter reports from Hong Kong. The latest victims, both Chinese, died yesterday from injuries received when the 114,573-ton World Knight was hit on Monday in the Gulf.

Chad withdrawal

The Chad Government has announced that it has agreed that the withdrawal of French and Libyan forces from its country can be supervised by joint observer units from those countries, AP reports N'Djamena.

Mubarak, Hussein agree joint strategy over Palestine issue

EGYPT'S President Hosni Mubarak returned from a three-day state visit to Jordan today and said he and King Hussein had agreed on a joint strategy to solve the Palestinian issue, Reuter reports from Cairo.

He told reporters at the airport: "We are in agreement concerning the strategy to settle the Palestinian problem."

He said, however, the restoration of relations between Cairo and Amman on September 25 did not necessarily mean Jordan would join the U.S.-sponsored Camp David peace process, which calls for negotiations with Israel on Palestinian self-rule in the West Bank and Gaza Strip.

"We are not asking anyone to recognise Camp David. This issues belongs to us," he said.

The 1978 Camp David accords led Egypt the following year to become the first Arab state to sign a peace treaty with Israel. Most Arab states ostracised Egypt as a result, and Jordan has been bitterly attacked by Syria and Libya for re-establishing ties last month.

Asked if his talks in Jordan would result in a revival of President Reagan's 1982 peace plan, he said: "Egypt has expressed its reservations towards it . . . Peace is our strategic goal. We will explore all possibilities to solve the Palestinian problem."

The Reagan plan calls for Palestinian self-rule on Israeli-held Arab land in association with Jordan.

Mr Mubarak dismissed reports that Egypt and Jordan had discussed a union.

Asked if he might visit Iraq, he replied: "Why not? There are permanent contacts between us and Iraq, so what's the problem?"

Diplomats in Amman speculated that Iraq, with which both Egypt and Jordan have close ties, might be the next Arab country to restore diplomatic links with Cairo.

Mr Esmat Abdel Maguid, Egypt's Foreign Minister, who accompanied Mr Mubarak to Amman, told reporters that Jordan had approved the nomination of Mr Ihab Wahba as the first Egyptian ambassador to Jordan since the 1979 break.

Tony Walker writes from Aqaba: King Hussein was less forthcoming on the talks. After bidding farewell to the Egyptian leader, King Hussein said, without elaboration, that "Egypt is as concerned about the rights of the Palestinian people as we are." He insisted that the Palestinian question was not the "main purpose" of the talks.

Mozambique peace talks adjourned in S. Africa

BY ANTHONY ROBINSON IN JOHANNESBURG

FOUR DAYS of talks between the Mozambique Government and rebel forces ended in Pretoria yesterday with reports of "progress" towards implementation of a ceasefire. Negotiations will resume next week.

The talks, which also included South African representatives, took place inside the tripartite commission set up under the terms of the Pretoria declaration of October 3 to work out terms for a ceasefire in the civil war which has afflicted Mozambique for the last eight years. They were originally scheduled to last only three days.

The trilateral talks had been chaired by Mr Louis Nel, South Africa's deputy minister of foreign affairs aided by representatives of the President's Council and the South African Defence Department.

After the first round of talks on Monday, Mr Evo Fernandes, the MNR secretary-general, said the talks had taken place in "a warm and positive manner" and said that agreement could be reached "much sooner than expected" if the talks continued in the same vein. Since then no other statement on the course of the talks has been made by the participants.

Meanwhile, the Swaziland railways announced yesterday that rail traffic between Swaziland and Maputo, the Mozambiquean capital, interrupted by saboteurs last month, has been reopened following repairs

Mortgage rates hit 25%

BY OUR JOHANNESBURG CORRESPONDENT

BARCLAYS BANK SA has announced a sharp rise to 25 per cent in its mortgage rate for new borrowers in a move which is expected to choke off new borrowers in a move which is expected to choke off new mortgage demand and could mark a psychological turning point in the South African housing market. Rates for existing mortgage holders remain unchanged at 20 per cent for borrowers up to Rand 40,000 (£18,870) and 20.75 per cent for larger borrowers.

The latest move partly reflects the high cost of funrs —a 22 per cent Reserve Bank accommodation rate and 23 per cent on large scale overnight borrowing—but also a decision not to increase the bank's mortgage lending beyond the Rand 1.5bn now committed.

Demand for home loans has continued at a surprisingly strong level despite higher rates and economic uncertainties but building societies have found it increasingly difficult to raise funds

Barclay's decision coincides with publication of a pessimistic report on building industry prospects from Stellenbosch University Bureau for Economic Research. It warns that rising builders' costs, a declin ein overall building activity and the general downturn in the economy will lead to rising bankruptcies in industry.

Moscow accused of arms control violations

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan has expressed serious and continuing concern over the Soviet Union's failure to comply with past arms control obligations and commitments, stating that compliance is "fundamental to the arms control process."

Mr Reagan's comments came in a letter to Congress attached to a long-awaited report by an Independent Advisory Committee, which studied Soviet compliance with arms control agreements over the past 25 years.

The report accused Moscow of a deliberate pattern of arms control violations, including the "*probable*" *testing of two new* strategic nuclear missiles, instead of the one allowed under the unratified Salt 2 Strategic Arms Limitation Treaty.

Mr Reagan finally released an unclassified diversion of the report on Wednesday night after pressure from the Pentagon and right-wingers, who argue that it proves the need for tough verification requirements in any future agreement with the Soviet Union.

The State Department had reportedly argued against publishing the report, fearing that its unproved allegations would further embitter U.S.-Soviet relations.

Publication of the report ha dbeen expected just before Mr Reagan's meeting with Mr Andrei Gromyko, the Soviet *Foreign Minister, on September* 28, but was apparently delayed to avoid ginving offence to Mr Gromyko.

The 12-member committee, appointed by Mr Reagan, found "recurring instances of Soviet deception, mis-direction and conduct involving deliberate falsification of data during negotiations." Mr Reagan said in his letter that the U.S. was actively pursuin gthe matter in confidential discussions with Moscow and was seeking "explanations, clarifications and corrective actions."

Apparently seeking to distance himself from some of the report's findings, however, he wrote that neither the methodology of analysis nor the conclusions reached had been *formally approved by the U.S.* Government."

Moscow said yesterday that the report was a fabrication, and accused President Reagan of using it as an election trick, Reuter reports from Moscow.

The Soviet news agency TASS called the report "another anti-Soviet fabrication" and said it contained no facts to corroborate its allegations.

Congress keeps ban on aid to 'contras'

BY NANCY DUNNE IN WASHINGTON

CONGRESS yesterday approved a \$370bn (£308bn) catchall spending Bill as weary Congressmen packed their bags and prepared to head for home.

The November elections cast their shadow over the gruelling last session as Congressmen struggled to positon both themselves and their parties with the unpredictable electorate. In the end, the President prevailed, as he has throughout his term, in getting an increase (11 per cent) in military spending, but House Democrats succeeded in derailing Mr Reagan's Latin American policies and proposed cuts in social spending.

Members, edgy after the session which ran a week over time and anxious to get home to campaign, put several issues aside until the next Congress, gambling that next year would bring their side increased strength.

They agreed to continue until February the Congressional ban on the once covert aid to the Nicaraguan guerrillas. After that time, the ban can be lifted only if both houses of Congress agree to spend the \$14m set aside for that purpose.

The Senate ended its insistence on the aid only after the House agreed to drop 39 water projects worth about \$100m and authorisation for \$18bn more in later years.

Both houses agreed to include non-binding legislation which would urge the President to refrain from committing combat troops to Central America. The Senate, threatened with filibuster, gave up on passing a treaty outlawing genocide and put the vote aside until next year.

In the end-of-the-session *squabbling, the House managed* to get passed measures which would increase funding for health, low-income students, and *maternal and child health* and welfare programmes.

The Administraiton got \$292.9bn for defence spending for fiscal 1985, including \$1.4bn for research and development of the Pentagon's proposed "star wars" defence plan for space. Members also agreed to three tests in space for angi-satellite weapons but not before March 1 so that a new President could reassess the weapons programme.

The future of the MX missile was also left for next year's Congress. Funds to deploy the weapons were appropriated but cannot be spent until both chambers vote for them twice next spring.

Duarte rules out power sharing with guerillas

BY DAVID GARDNER IN MEXICO CITY

EL SALVADOR'S President, Sr Jose Napoleon Duarte, stressed yesterday that the solution to his country's four-year-old civil war would be found on a "national basis" without ex- to his decision to open talks with Left-wing rebels on Mon- ternal interference—referring day.

Following talks with Mr *George Shultz, U.S. Secretary of* State, in San Salvador on Wednesday, President Duarte also made clear he would not discuss power *sharing* with the guerrillas, but only their incorporation into the democratic process.

"*Power is not in question*, because power can only be obtained by the popular vote, not by blood and bullets,' he said.

Since February, the 12,000-strong insurgent army has been arguing for a broad based popular Government, in which they would have a stake, as the basis for talks.

Sr Duarte's remarks came amid growing evidence that the talks offer, made at the UN General Assembly on Monday, took his U.S. allies by surprise. Officials in San Salvador say the U.S. was initially opposed to the move, but Mr Shultz on Wednesday appeared to be bending over backwards to demonstrate Washington's support for the initiative, which he described as a "courageous offer of peace."

Mr Shultz flew to Panama yesterday where he was expected to hold talks with Sr Daniel Orftega, the Nicaraguan leader, and with Presidents Belisario Betaneur *of Colombia*, Luis Alberto Monge of oCsta Rica, General Oscar Mejia Victoires of Guatemala, and the incoming Panamanian President, Sr Nicolas Ardito Barletta. Mr Shultz was *due in Mexico last* night for talks with President Miguel de la Madrid.

The U.S. Secretary of State will thus have had the opportunity to express Washington's misgivings about the Contadora peace plan to seven of the nine countries involved in the process.

Washington has justified its opposition to the Contadora treaty by arguing that the provisions for reductions in arms, troops and foreign military advisers in *Central America* are too vague. The U.S. is arfguing for all the Contadora provisions to go into effect at the same time, and that they be adequately monitored.

The presence in Panama of nearly all the key participants in the region's conflict was occasioned by the inauguration yesterday of President Barletta, the country's first democratically elected leader after 16 years of military rule.

Sr Barletta and his military supporters still stand accused of fraudulently rigging elections in May to deprive a right *wing coalition of victory*. In recent months, however, that dispute has taken second place to Panama's clash with the U.S. over the 1977 Canal Treaties designed to restore local control gradually over the Panama Canal and its facilities.

THE SENATE Intelligence Committee has reported that it found "no evidence" to back up allegations that U.S. intelligence or military officials supported right-wing death squads in El Salvador, Reuter reports from Washington.

In a report on a six-month investigation, the committee said, however, that unidentified Salvadorean military officials and prominent unidentified Salvadoreans supported or took part in the killings.

Democrats cross their fingers for the George and Gerry show

THE DEMOCRATIC Party was *yesterday counting* on Ms Geraldine Ferraro to maintain the new campaign momentum generated by Mr Walter Mondale, her presidential running mate, in his successful televised debate with President Ronald Reagan on Sunday, Reginald Dale writes from Washington.

The fiery New York congresswoman headed into last night's *Philadelphia debate* with her Republican opposite number, Vice President George Bush, determined to continue to carry the fight to Mr Reagan on the issues of social welfare, his "leadership" and defence and foreign policy.

The milder-mannered Mr Bush, the losing *veteran of* half-a-dozen debates against *Mr Reagan in the 1980 race* for the Republican presidential nomination, was hoping to regain the initiative for the Republicans after what was widely regarded as a nervous and halting performance by Mr Reagan on Sunday. Mr Bush was also aware that right-wing Repub*licans will be watching him* closely to see how he measures up as a potential presidential candidate for the next elections in 1988.

An ABC News/Washington Post survey published yesterday showed that 58 per cent of those polled thought that Mr Mondale had won Sunday's 100-minute confrontation with Mr Reagan, while only 18 per cent gave the *victory to the President*. The White House, however, took *some comfort* from another poll finding, in which 53 per cent said that the debate would have no influence on how they voted on November 6.

The Republicans were also relieved that the poll suggested that the debate had only shaved three points from Mr Reagan's lead, bring*ing it down from 18 to 15* points, 56 to 41 per cent. The *number of voters* giving Mr Reagan an overall favourable rating remained virtually unchanged at about 60 per cent.

Mr Mondale's favourable/unfavourable rating was nevertheless sharply up, moving from 41 to 49 per cent negative before the debate to 54 to 43 per cent positive after it, a net gain *of 19 points*.

Pied Piper Reagan pulls in the votes as America's youth turns right

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

IT IS ironic that President Ronald Reagan's age has sur*faced as an election issue at* a time when many Americans have just started puzzling over what strikes them as *a much stranger generational* phenomenon. Numerous opinion polls in recent weeks have shown that the 73-year-old Mr Reagan's popularity is highest of all among the youngest voters—those between 18 (the voting age) and 24.

"You *know*, your generation is really something. You've made love of country pashionable again," Mr Reagan told 2,000 widely applauding Midwestern university students, young enough to be his grandchildren, at a recent campaign rally.

"Talk to America's young these days and you would almost think that the U.S. has become a monarchy and Ronald Reagan our king," wrote liberal columnist Mary McGrory in the Washington Post last month.

"Being conservative is chic, smart, 'in' among the under-30s," says Mr Horace Busby, a *Democratic political analyst*. "In 1984, as in 1932, an age is dying—not merely a political age, *but a social and cultural* age. The pendulum has not only swung far the other way, it may not swing again for a long *time*."

A recent ABC-Washington Post poll put Mr Reagan ahead of Mr Walter Mondale, the Democratic challenger, by 60 per cent to 38 per cent among 18- to 30-year-olds. Time Magazine's latest survey said that voters between 18 and 24 were backing or leaning towards Mr Reagan by a margin of 45 points, 63 to 18 per cent, over Mr Mondale.

The "baby boomers," members of the so-called "me generation," who dominated the youth scene of the late 1960s and early 1970s with their left-wing, anti-establishment lifestyles, are confused and angry about what is happening.

Having assumed that they had made an indelible mark on society with their often self-indulgent rebelliousness, they seem to find it particularly *galling that a new, younger* generation is in turn rebelling against them.

"A country *whose students* are to the right of the Government has a stick society," fulminaetd a frustrated 40-ish "baby boomer." Congressional aide at a Washington dinner party last week. Offered several possible explanations, he angrily dismissed them, preferring rage to enlightenment.

The trush seems to be, however, that nobody really knows what is happening, although sociologists and pollsters are beginning to come up with *suggestions. The most common* explanation is simply jobs. In the 1960s, the more vocal left-wing university students never considered the possibility that there might not be employment for them once they graduated in socioligy, women's studies or, in some cases, water-skiing.

The country was booming, America was setting foot on the moon, and its resources seemed endless. That generation had not known the Second World War, and had revolted against *Vietnam and then Watergate*. Today's 18-year-olds do not remember Vietnam or even *Watergate. For them, Mr* Reagan is the first successful leader, the first real authority figure, they have known.

Those of them who are white and middle class have been born into an individualistic computer generation, to which the tradi*tional Democratic pre-occupation* with government intervention, trade unions, the poor, and rust-belt industries is largely irrelevent.

The "yuppies," the young upwardly mobile profesionals, who are just a few years older, in the 25-34 age group, went heavily for the "new ideas" of Senator Gary Hart in the Democratic primaries and now favour Mr Reagan by 56 to 24 per cent over Mr Mondale, according to the Time survey.

For their juniors, today's university students, good, well-paid jobs are all-important. A period of severe recession and high unemployment marked their formative teenage years. Even 12- and 13-year-olds can be heard discussing the relative *merits of law school or the* Harvard Business School.

Some parents believe that "growing up with the bomb" has imbued their children with a hard-nosed kind f materialism —often combined with almost spiritualistic attachment to traditional values.

If the economy were still in recession it might be different. However, the young appear to identify Republicanism with prosperity, respectability and a patriotism that creates the impression of belonging and the self-confidence to get ahead.

According to Mr Robert Treeter, a Republican pollster, *there is now for the first time* since the 1930s a significant electoral group (the 18- to 24-year-olds) that is Republican in greater overall numbers than democrat.

The questionto which nobody knows the answer is how far these brash young Republicans will maintain their conservative allegiance once their hero Mr Reagan has gone from the scene.

Most political analysts believe that it will not be easy to change them. Mr Reagan, in what has been called his role of Pied Piper, may have led them into the Republican Party *never to return*.

WORLD TRADE NEWS

Microchip venture for Philips and Siemens

By Guy de Jonquieres

PHILIPS OF the Netherlands plans to set up a new research centre at its Eindhoven headquarters as part of its joint project with West Germany's Siemens to develop a new generation of microchips.

Confirming details of the project yesterday, Philips said the two companies would together invest more than Fl 1.5bn (£353m) in it over the next five years. The total investment could eventually amount to several billion guilders.

Philips said the West German Research and Technology Ministry had agreed to contribute DM 300m (£80m) to the first phase of the project and the Dutch Economic Affairs Ministry Fl 200m.

The plan, known as the Mega Project, offered Europe a unique opportunity to achieve leadership in the world microelectronics industry and to meet increasing Far East competition, Philips said.

Though Philips and Siemens will collaborate closely in research and development, they will make their chips separately. Production is expected to start in 1989 and will consist of very powerful memory chips, each able to store more than 1m pieces of data.

The project will be managed by Mr W. G. Gelling of Philips and Dr H. Friedrich of Siemens and will be supervised by a board to which each company will appoint three representatives. The West German and Dutch governments will also name representatives.

Austria to tighten export controls

BY PATRICK BLUM IN VIENNA

AUSTRIA is to tighten controls on exports of sensitive technology in response to mounting pressure and dissatisfaction from the U.S. abou ttechnology transfer to the Comecon nations.

Dr Norbert Steger, the Austrian Vice-Chancellor and Minister for Trade and Industry said on Wednesday night that Austria would make changes to its foreign trade law and draw up a list of sensitive goods which would require a special export licence, as well as introduce sanctions against violations.

Dr Steger stressed that this was an "autonomous Austrian solution" to the problem of technology transfer. This represents a considerable shift in the position of Austria, which has until now strongly resisted U.S. pressure to tighten controls.

The U.S. administration had become increasingly impatient with the Austrian's apparent lack of enthusiasm to take firmer action against technology transfer to the East bloc. U.S. officials have on several occasions expressed concern that lack of controls in Austria allowed sensitive equipment to be diverted to Comecon with impunity.

Dr Steger did not say what the list would include but rejected the approach of Switzerland, which he suggested adhered too closely to the rules established by the Paris-based Co-ordinating Committee (CoCom) which monitors and controls technology transfer to the East bloc, or of Sweden, which allows close collaboration between U.S. and Swedish officials.

"These two solutions would not be appropriate for Austria," he said.

Dr Steger said his ministry was now working on draft proposals which would be put to parliament before the end of the year. These are expected to meet U.S. demands for guarantees safeguarding sensitive U.S.-made products, but may also include controls over Austrian exports of products which include U.S. know-how.

The announcement is likely to embarrass the Government, which has sought to conduct discussions on this subject with the minimum of publicity. Government officials were clearly irritated by Dr Steger's remarks and sought to play them down yesterday.

Austrian officials have repeatedly stressed that Austria could not adopt CoCom rules—Austria is not a member of CoCom—because of its status as a neutral country with friendly relations both East and West. Austria's reluctance to comply with U.S. demands have reflected its unwillingness to be drawn too closely into the political conflict between East and West or be seen to side openly with either major power bloc.

There have been several rounds of discussion with U.S. officials on the subject, and less publicly with the Soviets, to explain Austria's position. In Moscow yesterday, Isvestia, the Moscow daily, accused the U.S. of gross interference in Austria's affairs.

Austrian officials are adamant that the country cannot and will not accept CoCom rules or take up its list of proscribed products, but Dr Steger's comments suggests that they are much closer to CoCom thinking than had previously been expected.

Ericsson deal for Guatemala

By David Brown in Stockholm

ERICSSON, the Swedish telecommunications and electronics group, yesterday announced orders worth a total of $32m.

The largest is a $29m order from Guatel, the Guatemalan telecommunications authority, for digital telephone switching equipment.

The order (which includes digital exchanges, an automatic operations centre, transmission and radio equipment) is to be produced in Italy by Fatme, an Ericsson subsidiary. It was won against competition from ITT, Siemens, CIT-Alcatel, Nippon Electric and Italtel. It involves some 78,000 lines for Guatemala City.

A similarly sized order was recently placed with Italtel to provide lines for rural Guatemala.

Fuji subsidiary opens Netherlands factory

BY PETER SPINKS IN AMSTERDAM

FUJI PHOTOFILM, a Dutch subsidiary of the Fuji photographic materials company of Japan, opened a Fl 250m ($72m) factory in Tilburg this week, becoming the first large Japanese manufacturer to establish a plant in the Netherlands. It is the first Fuji factory to open outside Japan.

The factory, on which construction began in March last year, will initially produce photographic colour paper for distribution throughout Europe, Africa and the Middle East. It is expected to manufacture eventually a much wider range of photo-sensitive materials when additional production facilities, currently under construction at the 21-hectare site, have been completed.

The company has 60 employees, and another 250 jobs are expected when full operation starts next summer.

For the first five months of this year, the Netherlands imported motor vehicles, ships and electronic goods worth Fl 1.9bn from Japan, compared with Fl 1.6bn for the same period in 1983. Dutch exports to Japan for this year's first half totalled Fl 495m compared with Fl 374m last year, and included mainly agricultural products, chemicals and machinery.

The increase in trade between the two countries is partly attributed to the fact that the Netherlands Ministry of Economic Affairs, along with the municipalities of Amsterdam and Rotterdam, have been conducting an export drive this year which is aimed at promoting Dutch products in Japan.

French arms sales rise

By Our Paris Staff

ARMS SALES by France rose dramtically during the first half of 1984 after falling over the previous two years.

According to the French Ministry of Defence, France recorded fresh equipment orders for FFr 40.4bn (£3.5bn) during th six months period. This compares with total sales of FFr 28.1bn in 1983, FFr 35bn in 1982 and FFr 37.5bn in 1981.

The bulk of the new orders is accounted for by the giant contract won from Saudi Arabia earlier in the year for a new low altitude aerial defence system. At the time the value of this contract won by Thomson CSF, the defence and communications subsidiary of the Thomson group, was put at about FFr 35bn. Thomson will be subcontracting part of the work to Matra, the electronics group.

Greek trade agreement with Libya challenged

By Andriana Ierodiaconou in Athens

A POLITICAL row broke out yesterday between the Greek Socialist Government and the Conservative opposition after the latter challenged the Government at the European parliament to reveal details of a recently signed $1bn (£833m) trade agreement with Libya.

The Conservatives have from the start disputed not only the contents but the actual existence of the agreement, the signing of which was announced on September 24 at the end of an official visit to Tripoli by Mr Andreas Papandreou, the Greek Prime Minister. Similar doubts have been voiced by Greek businessmen.

A government spokesman accused Mr Ioannis Boutos, the leader of the Greek Conservative Euro Parliamentary group who tabled a question on the Greek Libyan agreement, of committing: "An unethical provocation against the country of a kind which no other European deputy has ever considered."

The spokesman said the full text of the agreement would be submitted for approval to the Greek parliament within the one month deadline required by law.

According to official announcements the agreement will run over three years and will involve the sale of 3m tonnes of Libyan oil to Greece as well as the undertaking by Greek construction firms of major infrastructure projects in Libya. The deal will give Libya a further market for its oil, and the Libyans would, in turn, get an unspecified range of Greek products, which could include arms and access to Greek technological know-how in the manufacturing sector.

It is understood that the agreement also involved the deposit of several hunrded million U.S. dollars by Tripoli in Greek banks.

Car industry 'must' learn to co-operate'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE West European motor industry could find itself facing the combined might of the U.S. and Japan as a mass of co-operative links—leading to exchanges of technology and shared product development—develops between the American and Japanese industries.

This warning was given yesterday by Mr Garel Rhys, senior lecturer in economics at University College, Cardiff, and adviser to the UK House of Commons select committee on trade and industry.

Mr Rhys insisted that the European car producers must become involved in more joint manufacturing ventures—for both vehicles and components—to match the economies of scale enjoyed by the major Japanese and U.S. companies.

He said new technologies available to the industry did not alter the stark economic fact that bigger producers still had a considerable advantage over smaller car companies. A robotised car assembly plant, for example, had an optimum size of about 300,000 a year; an engine plant was most economic at 600,000 a year and the cost of research and development for a vehicle to sell at the rate of 1m annually was not much more than for one which would sell at a 100,000 rate.

The extra flexibility the new production processes allowed the industry would permit the major manufacturers to fill more of the niches in the market on which the small producers relied for survival.

Mr Rhys, who was speaking at a meeting organised by the Herondrive car leasing and fleet management company during the run-up to the Birmingham Motor Show, pointed out that a recent co-operative venture between Fiat of Italy and Saab of Sweden resulted in only six shared components because neither partner was willing to give up jobs to the other.

But Europe must face up to the fact that the motor industry urgently needed to reduce production capacity—which involved closures and job losses.

Mr Rhys maintained that Europe had about half of the world's excess car manufacturing capacity of 5m vehicles. The six leading producers in Europe all had about 12 per cent of the market and were fighting not to fall behind. "Because history tells them that once this happens they will possibly never get back."

As a result, the European industry was embroiled in a price war the like of which had not been seen since the depression of the 1920s. The price battle and the low profitability it entailed was likely to last for many years and be exacerbated by "new actors on the stage" such as Nissan, which was now setting up in Europe. Yet the industry needed a vast sum for new products and manufacturing processes.

The market price of cars in Europe was below the cost of production and "in economics that means companies leave the industry."

However, no European government would look with equanimity at the disappearance of a major manufacturer and would therefore give overt or covert subsidies. The multinational companies also, for various reasons, subsidised their loss-makers. Mr Rhys pointed out that two companies in Britain, Vauxhall and Talbot UK (now owned by Peugeot but formerly part of Chrysler), had not produced a profit for 20 years but had been kept alive by "American sugar daddies."

Support by governments and the multinationals had simply added to the over-capacity in Europe.

Mr Rhys suggested that mergers between ailing companies would not be the answer: "For one, it would be rescue by the Titanic, the other would be taken aboard the Lusitania."

What was required were co-operative ventures which involved rationalisation and reduction of capacity.

Nigeria to inspect goods at source

By Patti Walmer

NIGERIA HAS decided to send government officials to exporting countries to inspect the country's imports prior to shipment, in an attempt to avoid trade disruption following the dismissal 10 days ago of SGS, Nigeria's sole agents for pre-shipment inspection.

Britain's exports to Nigeria, by far its largest export market in black Africa, have slowed to a trickle since the Lagos authorities announced that inspection would be carried out at destination until November 10.

Although a small number of exporters say they are now prepared to risk sending low-value test shipments of some essential commodities such as cooking oil and low-cost medical supplies to Lagos for destination inspection, the majority are unwilling to commit goods worth in some cases millions of pounds with insufficient guarantees of payment at the other end.

Inspection by Nigerian officials in the exporting country could remove some risks by eliminating the possibility that exporters may be forced to cut prices or see goods refused outright on arrival.

But businessmen in Lagos said they doubted that teams could be trained and despatched in time to free the flow of blocked imports quickly.

Hungary trade surplus 'smaller than expected'

BY LESLIE COLITT IN BERLIN

HUNGARY'S hard currency trade surplus was smaller than expected to the end of August, according to Mr Peter Veress, the Foreign Trade Minister. He said this meant that an additional $200m (£166.6m) to $250m in goods will have to be exported by the end of December in order to meet the target of a $700m to $800m surplus for this year.

Mr Veress told the government newspaper Magyar Hirlap that if export performance is not adequate the external and internal balance of the economy could be disrupted.

Overal imports rose 8.1 per cent from January to August while exports increased by 10.4 per cent. Mr Veress said the country also aimed to reduce its rouble trade deficit this year.

The main Communist party newspaper Nepszabadsag noted that imports by Western industrial countries are likely to grow by 4 to 5 per cent annually. Hungary, however, would have to boost its exports to the West by a greater amount in order to finance imports and service its debt.

The newspaper said the fact that the economies of North America and the Pacific Basin were developing most dynamically had implications for Hungarian hard currency exports, which traditionally go to Western Europe where growth is slower.

A record 2.4m Western tourists visited Hungary in the first eight months of the year, up 19 per cent.

EEC increases Portuguese textile quotas

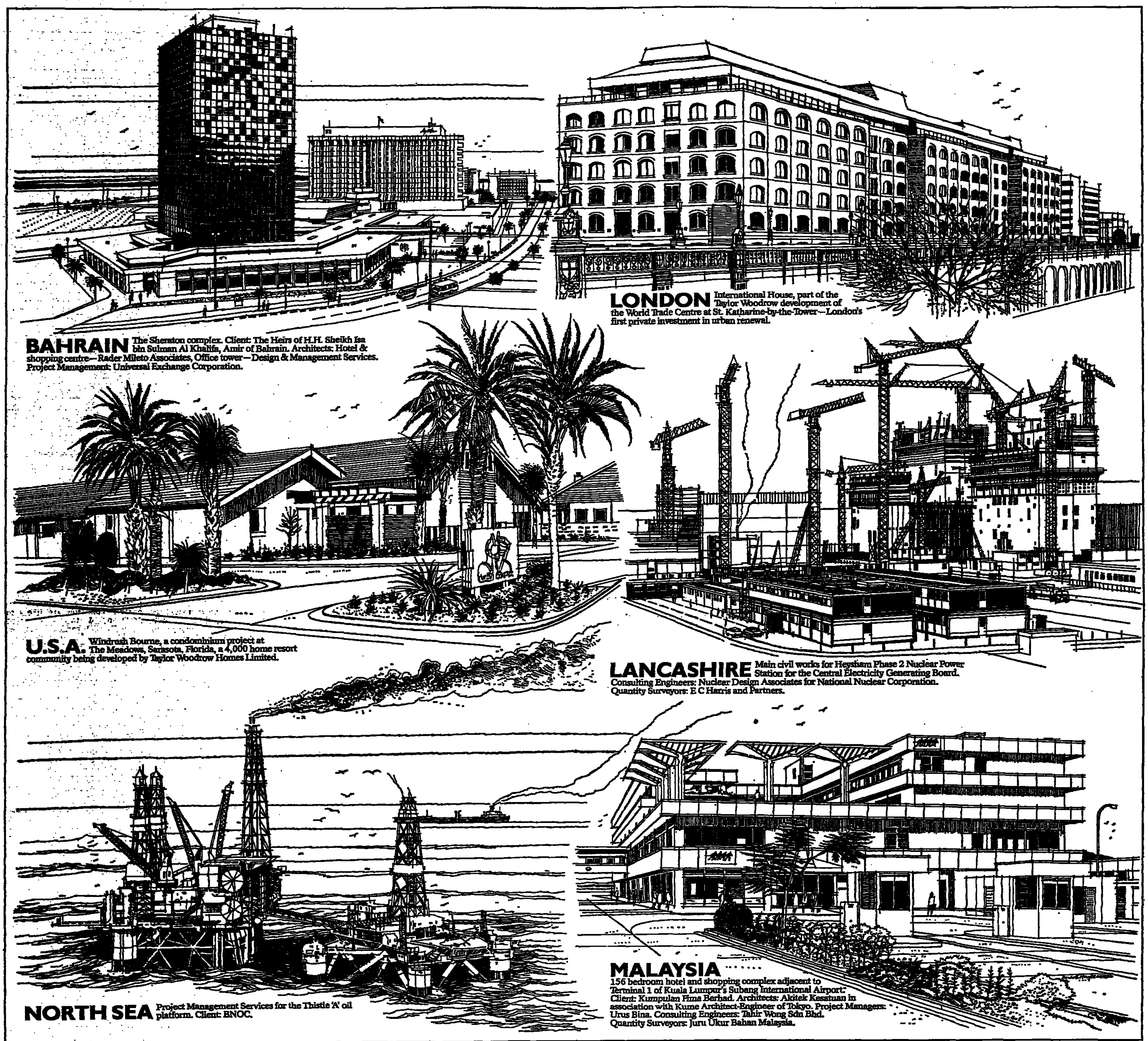
By Diana Smith in Lisbon

PORTUGAL has negotiated increased textile export quotas with the European Economic Community for 1984.

The deal will permit an increase of 40 per cent in value and 10 per cent in volume. The EEC takes more than 70 per cent of Portugal's annual textile exports of about $500m (£416.6m). The UK, France and West Germany absorb over 60 per cent of al ltextile exports.

In 1983 Portugal exported 56,821 tonnes of textiles to the UK at a value of Esc 36bn (£180m). In the first seven months of 1984, Britain imported 35,741 tonnes of Portuguese textiles at a value of Esc 29bn (£145m).

How Taylor Woodrow built a worldwide reputation



BAHRAIN The Sheraton complex. Client: The Heirs of H.H. Sheikh Isa bin Sulman Al Khalifa, Amir of Bahrain. Architects: Hotel & shopping centre—Rader Mileto Associates, Office tower—Design & Management Services. Project Management: Universal Exchange Corporation.

LONDON International House, part of the Taylor Woodrow development of the World Trade Centre at St. Katharine-by-the-Tower—London's first private investment in urban renewal.

U.S.A. Windrush Bourne, a condominium project at The Meadows, Sarasota, Florida, a 4,000 home resort community being developed by Taylor Woodrow Homes Limited.

LANCASHIRE Main civil works for Heysham Phase 2 Nuclear Power Station for the Central Electricity Generating Board. Consulting Engineers: Nuclear Design Associates for National Nuclear Corporation. Quantity Surveyors: E C Harris and Partners.

NORTH SEA Project Management Services for the Thistle 'A' oil platform. Client: BNOC.

MALAYSIA
156 bedroom hotel and shopping complex adjacent to Terminal 1 of Kuala Lumpur's Subang International Airport. Client: Kumpulan Fima Berhad. Architects: Akitek Kesatuan in association with Kume Architect-Engineer of Tokyo. Project Managers: Urus Bina. Consulting Engineers: Tahir Wong Sdn Bhd. Quantity Surveyors: Juru Ukur Bahan Malaysia.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

'Customers need to be kept happy'

Today's article, by Guy de Jonquieres is the third in this series. Previous articles appeared on October 8 and 10; the next is on October 15.

HISTORICALLY, most business in Britain have faced a frustratingly simple choice when it came to telecommunications service. They could take it or leave it. Or, as often as not, they could wait for it.

But in the past couple of years, companies have started to find that dealing with British Telecom is less like the familiar 100 yard dash through treacle. At last, the organisation is starting to sit up and take notice.

Its performance is still regarded by most business customers as far from perfect. "But there's no doubt that BT's general attitude has changed," says Ron Bell, telecomunications development manager of the Imperial Group. "They've accepted that customers need to be kept happy."

The most marked improvement has been in sales and marketing, where BT's aggressiveness has upset its rivals, (see inset). Some delivery delays have been cut, too. "Previously, we had to order private circuits long before the equipment to hang on them," says Rodney Smith, telecommunications manager at Cadbury Schweppes. "Now it's the other way round."

Since its monopoly was ended, commercial self-interest has dictated a fresh approach by BT to the 2.8m business installations it serves. Though vastly outnumbered by its 16m residential locations, they provide much more revenue because they are the main users of long-distance and international services, on which BT makes most of its profits.

About three-quarters of its trunk revenues are generated by businesses and almost a fifth by its 300 largest customers, which together account for only 0.6 per cent of business installations. "The narrowness of our revenue base has driven home to us how vulnerable we are to competition," admits Ron Back, managing director of National Networks, the BT division responsible for trunk services.

That competition has yet to emerge in much more than name. Mercury, the only other licensed common carrier, has few customers so far and its planned UK network is not due to be completed until next year. But as long as two years ago, BT began striking back at its embryonic rival by cutting tariffs on its most profitable long-distance and international routes.

BT has other motives, too. It is out to capture a bigger share of international traffic by persuading more large companies throughout Europe to make the UK the centre of their telecommunications networks and to route their transatlantic calls through London.

The next few years are expected to see an explosion of computer communications in business, with the number of data terminals in Britain growing from 1m to 7.5m by 1995. BT aims to cash in not only by transmitting traffic between them but also by offering a wide range of "value added" services such as electronic billing and funds transfer systems to business customers.

The quest for profit is already bringing a much more hardheaded approach to investment policy. In the past, network modernisation was undertaken all of a piece. "But nowadays we look much more at where our customers are, who will use the network most, who will gain most and pay most for the services it can offer," says Back.

BT still faces a major task, nonetheless, in modernising its basic public network. Progress so far has been somewhat uneven. High-capacity optical fibre transmission cables are fast replacing copper wire on major trunk routes. But few System X digital exchanges are yet in service. Last year, System X purchases amounted to a mere £39m, while £546m was spent on exchanges using older technology.

The installation rate should rise rapidly from now on, however. BT expects the trunk network to be fully digital by 1988 and aims to have 10m subscribers linked directly to digital local exchanges by 1990.

Meanwhile, it is spending £80m to expand its public data service and—more controversially—plans a separate computer network jointly with IBM. An array of specialised business services, including high-speed private data circuits, satellite links and video-conference facilities has also been launched in the past two years.

Behind the scenes, an ambitious programme costing more than £100m is under way to computerise BT's customer service systems. The aim is to provide personnel in all area offices by 1990 with desktop terminals to give instantaneous access to complete sets of customer records stored on central computers.

BT has appointed Major Account Managers (MAMs) to each of its 150 largest business subscribers and National Account Executives to the next tier of companies. Their function is to act as on-the-spot representatives who co-ordinate a customer's telecommunications requirements across the country.

However, some large customers complain that service is often still erratic and that organisational upheavals within BT make it hard for MAMs to marshal the support they need. "Most MAMs try to do their best," says Don Newell, the TI Group's telecommunications specialist. "But I don't think people in BT know who in their organisation to talk to nowadays."

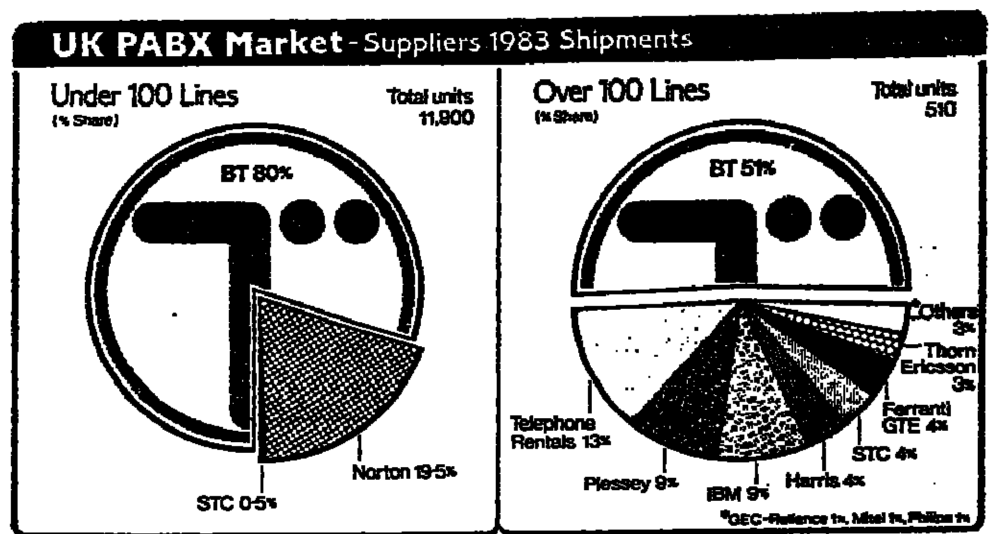
Smith of Cadbury Schweppes is unhappy about regional variations in service: "In Birmingham, where we are a big BT customer, their general manager is happy to sit down and talk to me. But in Newton Abbot, in Devon, where we have a soft drinks depot, we have to wait our turn. We may be a major BT account nationally, but we're not treated as a major account in Devon."

John King, BT's board member for marketing and corporate strategy, admits that it is still an open question whether customer relations should be organised on a geographic basis or by category of business. But he believes that over time, BT will move increasingly towards specialisation by industry.

Perhaps BT's toughest challenge of all, however, is to bring about what amounts to a cultural change by teaching its staff to substitute commercial imperatives for civil service values. Senior management is widely credited with recognising what needs to be done. But judging by customers' reactions, the lesson has still to reach the grass roots.

"On the marketing side, the calibre of their people is improving, they've got some good new products and they're starting to understand my business," says John Kelley, telecommunications director of Grand Metropolitan Information Services and chairman of the Telecommunications Managers' Association.

"But consistently across the country our members are having a similar problem. BT are still responding too often as a nationalised utility. They don't yet have that 'money response' which says you simply must meet your contracts."



NOT LONG ago, British Telecom's Liverpool area almost pulled off a deal which would have earned it a niche in industry folklore: it came within an ace of selling one Plessey factory a private branch exchange (PABX) manufactured at another Plessey plant.

At the last hurdle, Plessey had second thoughts and decided to buy direct. But the incident is a piquant example of the aggressive tactics which BT is using to keep—and expand—its share of subscriber apparatus markets.

"BT has reacted very fast to liberalisation," says Chris James, managing director of Reliance Systems, GEC's distribution arm. "It came as a shock to us, and not a very pleasant shock."

The impact has been most striking in the market for large PABXs with more than 100 exchange lines. BT did not supply such products until two years ago but since then has captured about half of all sales, according to Pactel, the market research and consultancy firm. "BT has really gone in with a vengeane," says Annette-Nabavi of Pactel.

The large PABXs which BT sells are made by GEC and Plessey and are almost identical to the products which the two companies sell under their own names. Both companies and Telephone Rentals, which also sells Plessey exchanges, say that matching BT's prices has been a struggle.

GEC-Reliance, whose large PABX sales fell by more than half last year, says it has lost a lot of business because BT was competing at prices "which weren't commercially sensible." Plessey Office Systems says it has increased its own direct sales over the past year, but only at the cost of slashing margins.

BT's new licence prohibits it from cross-subsidising equipment sales out of its public network revenues. However, the precise financial relationship between the two sides of the business will not have to be spelt out until 1987, the date by which it will be required to draw up separate accounts for its equipment supply business.

John King, BT's board member for marketing and corporate strategy, says that throrough investigation into all complaints about its sales practices has uncovered no evidence of cross-subsidisation.

A truce in the price war may be on the way. BT raised its prices by up to 25 per cent last summer and says it is now being undercut by some of its rivals. It is also working with Oftel, code of practice for its equipment sales.

The French company abroad

BY DAVID HOUSEGO

FRANCE may have its multinational companies, but its industry is nonetheless still far less multinational than those of other major OECD countries. It accounted, for example, for only 4 per cent of foreign investment in the U.S. in 1979, against 7 per cent for Japan, 10 per cent for West Germany and 18 per cent for Britain.

By another yardstick, 1976 figures show production abroad by French companies to be equivalent to 7 per cent of GNP, compared with 16 per cent for the U.S. and 27 per cent for Britain—although West Germany's figure was only 9 per cent.

Nevertheless, as a book* just published on French multinationals points out, major French companies have maintained a high level of investment abroad in the last 10 years as investment in France has flattened out. Most of this came from already established French multinationals such as BSN, Saint Gobain, Rhone-Poulenc and Lafarge Copee, and most of it went towards the U.S.

The author, Julien Savary, has based his book on a study of 413 leading French companies. In all, these had set up an additional 249 production subsidiaries abroad between 1974 and 1977 (an increase of 27 per cent) and a further 131 affiliates (up 19 per cent).

The reason for this expansion beyond national boundaries is not hard to find — French companies found their foreign operations more profitable. They also became more aware than companies cultivating domestic markets of the quickening pace of international competition and were able to adjust to it more quickly.

But while the overseas thrust of French companies was a welcome trend for the French Government, the foreign penetration of French domestic markets has been a continuing worry to successive French administrations. The trend has been much seen in data processing, and it lay behind President Giscard d'Estaing's pressure on Saint Gobain to take over Cii-Honeywell Bull to provide France with a substantive computer industry.

* *French Multinationals. Frances Pinter (London) and Institute for Research and Information on Multinationals (Geneva), price £16.50.*

BASE LENDING RATES

A.B.N. Bank	10½%	■ Hill Samuel	§10½%
Allied Irish Bank	10½%	C. Hoare & Co.	†10½%
Amro Bank	10½%	Hongkong & Shanghai	10½%
Henry Ansbacher	10½%	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■ Morgan Grenfell	10½%
Bank of India	10½%	National Bk. of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Tst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst. & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■ Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Permn't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■ J Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10½%	Standard Chartered	‖10½%
Choulartons	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	¶12 %	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Volkskas Limited	10½%
Consolidated Credits	10½%	Westpac Banking Corp.	10½%
Co-operative Bank	*10½%	Whiteaway Laidlaw	11 %
The Cyprus Popular Bk.	10½%	Williams & Glyn's	10½%
Dunbar & Co. Ltd.	10½%	Wintrust Secs. Ltd.	10½%
Duncan Lawrie	10½%	Yorkshire Bank	10½%
E. T. Trust	11 %		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	10½%		
Robert Fraser	11 %		
Grindlays Bank	‡10½%		
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		
Heritable & Gen. Trust	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%. 1 month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000. 12 months 10.00%.
† 7 day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 7¼%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 7¼%.
¶ Mortgage base rate.

APPOINTMENTS

Horizon Travel management restructure

HORIZON TRAVEL has made changes in its management structure. Mr Bruce Tanner, hitherto chairman and chief executive, will continue as executive chairman of the group. Mr Bob Muckleston, joint deputy group chief executive and managing director of Orion Airways, will be appointed group chief executive. Mr Ken Franklin, managing director of Horizon Holidays, will continue as deputy group chief executive and will be appointed chairman of Horizon Holidays in addition to his role as managing director. Mr Muckleston will become chairman of Orion Airways and will, for the present, continue as managing director. Mr Ray Johnson, operations director and chief pilot, and Mr Bob O'Donnell, finance director, have been appointed joint deputy managing directors of Orion.

Mr Roger Ballou, general manager, American Express Europe

Mr Roger Ballou has been appointed to the newly-created post of senior vice president and general manager, travel related services, UK and Ireland, for AMERICAN EXPRESS EUROPE. He will be responsible for management of all travel related services, including the American Express Card, travellers cheque and travel businesses. Mr Hugh Freedberg, vice president and general manager card and travellers cheques and Mr Alberto Modolo, vice president and general manager travel, continue their responsibilities in these areas for UK and Ireland. Mr Ballou was previously senior vice president for vacation/leisure travel U.S., based in New York.

★

UBBINK (UK), Brackley, roof ventilation maker, has appointed Mr John Donovan as finance director (designate). He joins from the GEC Group.

★

Mr Stephen J. Key has been appointed a director of EDSON EVERS COMMUNICATIONS.

★

Mr David Brown has been appointed managing director of TANKFREIGHT, a company in the National Services Group. He was previously operations director and replaces Mr Clive Beattie who recently became group managing director. The group is one of the main divisions in the employee-owned National Freight Consortium.

★

THOMSON LOCAL DIRECTORIES has appointed Mr John Rice as assistant managing director. His responsibilities have been expanded to include publishing, data transaction, delivery, general administration and customer services in addition to his existing responsibilities as systems production director.

★

Mr T. J. Kemp and Mr R. B. Pearson have been appointed directors of LESLIE LANGTON HOLDINGS.

★

Mr Jeremy Goford and Mr George Orros have been appointed directors of TILLINGHAST NELSON & WARREN. Mr Goford was previously finance director of Skandia Life Assurance Co. Mr Orros was previously actuary of British United Provident Association.

★

Mr Dan Grindrod has been appointed managing director and chief executive of the HOUSE OF ROBIN, and the associated Helios Leisure Centre. He was formerly managing director of Mitchell Cotts (UK) motor group.

★

Mr Roger J. Ashby has joined the board of MARSHALL WOOLDRIDGE, Leeds-based insurance brokers.

★

NATIONAL GIROBANK has appointed Mr Bob Rumins as its first leasing manager, based at the City of London headquarters. Before joining Girobank he worked for himself as a lease broker. Prior to that he was with the Rosehaugh Group and Midland Bank.

★

QUILTER GOODISON & CO, stockbrokers, has appointed the following as partners: Mr Alan Coats, Mr Hugh Fergie, Mr Tim Lagden, Mr Richard Legge, Mr Nigel Lloyd, Ms Jane Roskill, Mr Peter Smith, Mr Chris Watkins, and Mr David Williams.

★

Mr George Welham, formerly managing director of Hill and Knowlton (City) has joined GAVIN ANDERSON & CO as managing director.

★

Lord Keyes has been appointed as chairman of the board of the constituent companies of CHURCHFIELD FINANCIAL SERVICES GROUP.

★

Mr Anthony Sheebridge has been promoted to the board of BARONSMEAD ASSOCIATES. He joined in late 1983 to assist "start-up" and young ventures. Before that he was a project manager/business analyst at Shell International's UK chemical subsidiary.

★

CHESTERFIELD PROPERTIES has appointed Mr Robert D. Cossey, Mr David E. M. Hall and Mr David P. Keirnan as executive directors. Mr Cosey's and Mr Hall's responsibilities for the development and investment activities of the group will remain unchanged and Mr Keirnan will continue as company secretary.

Joining board of Scottish Widows

SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY has appointed Mr Charles Cavaye to the board. This is the first time that a serving member of the society's staff has been appointed a director. Mr Cavaye joined Scottish Widows in 1953. He worked in several actuarial, management and marketing appointments before becoming deputy general manager and secretary in 1974 and general manager and actuary in 1978. Mr Cavaye is deputy chairman of the Associated Scottish Life offices and a member of the council of the International Actuarial Association.

★

PETER BLACK HOLDINGS has appointed Mr Peter J. Byrom as a non-executive director. He is a director of N. M. Rothschild & Sons.

★

Mr John W. Maddern has joined the board of QUEENS MOAT HOUSES as a non-executive director. He retired in July from the Furness Withy Group. He was director of a number of subsidiaries including Saxon Inns and was managing director of Saxon Inns since 1976 and chairman from 1979 until the time Queens Moat Houses purchased that company from Furness Withy.

★

Mr R. S. Hargreaves has retired from the board of THE MINEMA. He is succeeded as chairman by Mr James Quinn, a former director of the British Film Institute, and by Mr M. B. Radcliffe as managing director. Sir Hugh Wontner continues as a member of the board.

★

Mr Bryan Wakeham has been appointed deputy chairman of LESLIE & GODWIN MARINE. Mr Tom Roberts is appointed a director of Leslie & Godwin, and managing director of Leslie & Godwin Marine.

★

Mr W. A. Blackwell, Mr P. J. M. Bulters, Mr R. C. Kahrmann and Mr D. R. Mitchem have been made managing directors and Mr J. A. Cox, Mr B. Hobson, Mr G. M. Skinner and Mr G. R. J. Wadia become executive directors of the EUROPEAN BANKING GROUP.

★

POLYPAL GROUP has appointed Mr Brian A. Horan as managing director of its specialist steel shelving subsidiary.

★

Mr Leslie Woodcock has been appointed by FIRST COMPUTER as commercial and financial director.

★

Mr Peter Whiley has been appointed managing director of COMMERCIAL CONTACT COSTS.

★

Mr Duane Ischay has been appointed to the new post of director of marketing for ACCO EUROPE.

★

Mr Christopher Playle-Mitchell has been appointed managing director of CHARLES CAIN AND CO., Isle of Man. He was, until earlier this year, group secretary of Keyser Ullmann Holdings and Grendon Trust.

★

Mr Rod Gunner has been appointed chief executive of DENNIS DAVIDSON ASSOCIATES. He recently relinquished his position as chief operating officer of the Stigwood Group but remains a consultant.

★

WOOD GUNDY INC. has elected Mr Hugh M. Heath, Mr Michael J. Keenan, Mr Anthony R. Porter and Mr Harvey S. Naglie as directors, resident in London.

★

ASSOCIATED COMPUTER AND FINANCIAL SERVICES has appointed Mr G. B. Jackson as group marketing director.

★

LLOYD'S LIFE has appointed Mr John Edwards as marketing manager.

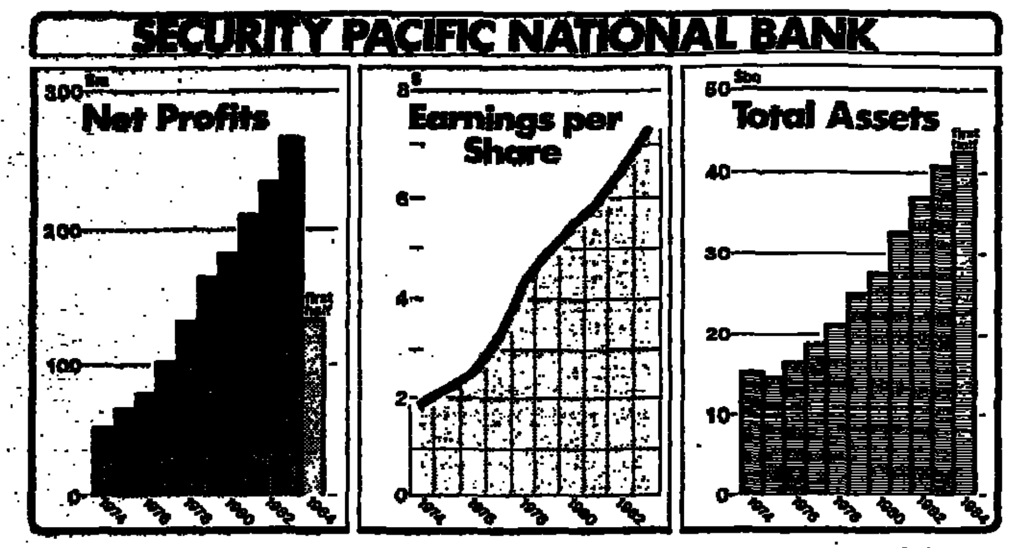
British Gas finance post

Mr John M. W. Dilks has been appointed assistant director of finance at BRITISH GAS headquarters. Previously chief financial accountant, he succeeds Mr J. R. Neville, who has retired. Mr Arthur W. Burgess has been appointed financing manager. Previously chief accountant of the East Midlands region of British Gas, he succeeds Mr Ross Cope, who has become treasurer of BNOC. As financing manager in the treasurer's department, Mr Burgess will be responsible for management of the corporation's short- and long-term investments and borowings, for cash flow management and for banking arrangements.

AMERICAN NEWS

The rapid rise of Security Pacific

By Paul Taylor, recently in Los Angeles



Graham Lever

RICHARD FLAMSON III smiles when he is reminded that just a few years ago his bank, now the eighth largest in the U.S. with over $42bn in assets, was described as not much more than the U.S. equivalent of an overgrown UK building society.

"We were a regional bank in Southern California, a consumer bank," he says. "People used to describe us as an overgrown S and L (savings and loans group) or a finance company that takes deposits. Certainly we were very parochial in our views on many things. I think some of our people thought if you went far enough out in the (Pacific) ocean you fell off."

A more radical transformation would be difficult to find even in the fast changing U.S. financial services industry. These days Security Pacific Corporation, of which the 54-year-old Mr Flamson is chairman, is a *rapidly growing force* in Far East banking and a respected name in the City of London, owning a 29.9 per cent stake in brokers Hoare Govett. By some measures — particularly profitability ratios and earnings —it is also outpacing Merrill Lynch, Citicorp, American Express and Sears Roebuck in the race to build a fully fledged low-cost and profitable national and international financial services empire.

Security Pacific (SecPac to the bank's friends) is in the business of building a European style investment and securities "merchant bank"—backed by a California retail deposit base.

SecPac has managed the transformation from local "building society" to internationally respected financial institution not by traumatic wrench but by steadfastly adhering to a strategy initially laid out in the 1960s and put into effect in the last decade.

"We decided we needed to broaden our geographic and product base," says Mr Flamson. What that essentially meant was that a small team of Security Pacific managers in the 1960s recognised that the very nature of banking was about to change as a result of interest rate deregulation and that to survive and prosper, banks had to move away from pure deposit taking into the business of generating fee-paying services.

The results are clear. At a time when it has become positively dangerous for Wall Street analysts to be bullish on bank stocks, Security Pacific has *prospered*. SecPac has had steadily rising net profits (for the last 10 years) when most of the rest of the U.S. banking industry has been busy licking the wounds caused by bad domestic and international loans. It has also become the U.S. banking industry's vanguard for the push into the domestic and international securities industry.

That is not to say the bank *is without its problems*. "*If you are looking for an Achilles'* heel it is in the asset structure," says Mr Flamson. Like most other major U.S. banks it has exposure to the troubled less developed countries, particularly Brazil and Mexico. But being late into the international lending arena means Security Pacific's exposure is relatively small. More significantly, in the spirit of a bank *which Mr Flamson describes as* "opportunistic but intelligently conservative," the Los Angeles bank has been a cautious loan loss reserve provider.

Last week the bank announced it intended to use the proceeds of the sale of its Los Angeles headquarters to bolster its loan loss reserves by $150m to over $500m. As a result Security Pacific's loan loss reserves will stand at about 1.6 per cent of loans, compared to an average of little over 1 per cent for most other major U.S. banks.

The other side of Security Pacific was also highlighted last week. Two days after the banking group announced the planned addition to reserves, it revealed the latest addition to its worldwide investment banking and securities interests: the purchase of Hoenig, the New York-based securities trader whose services are targetted particularly at the institutions.

Security Pacific has taken full advantage of its status as a bank holding company, which allows it greater freedom to enter businesses which U.S. banks normally cannot. *Beginning* in 1978 it has built up a network of interlocking national and international investment banking and securities trading businesses.

Its strategy has taken the bank in dramatically different, but nevertheless internally justifiable, directions.

On the one hand the bank has built up, both through internal growth and through acquisition, an important retail discount brokerage operation which today serves 170,000 accounts. Last year the discount brokerage business *lost* money for Security Pacific, and probably will do so again this year. But the ability to trade stocks for private clients draws in other business for the bank such as metals and commodities trading, according to Mr Smith.

Perhaps more importantly, Security Pacific has built up an institutional securities clearing network which now encompasses U.S. government, municipal and corporate bond traders. Hoenig, the "block" trading securities firm acquired last week, made Security Pacific the first bank in the U.S. to own an institutional wholesale equities trader — the bank already has seats on the New York and Philadelphia exchanges.

"Five years from now our objective is to do 5 per cent of all securities trades," says Mr Smith. He adds that "We would like to be a Goldman Sachs," a full time Wall Street investment bank, rather than "a Merrill Lynch"—low cost pro*vider of securities trading and* investment banking services which is struggling to regain its profitability.

For the moment Security Pacific cannot be either. Despite the cracks in the regulatory framework which banks like SecPac have forced, there are still businesses which are specifically excluded even to bank holding companies.

Mr Flamson and Mr Smith cite three. Securities underwriting — "We want the opportunity to underwrite *all* securities," says Mr Smith — property participation *and* insurance.

What Security Pacific is unable to do in the U.S. it is busy positioning itself to achieve overseas. "It is a little ridiculous that we can do things overseas that we cannot do here," says Mr Flamson, who still hopes for further deregulation in *the U.S. but is increasingly* doubtful it will come about.

In the meantime, Security Pacific has mapped out a strategy overseas of looking both to East and West. Sitting on the Pacific rim the bank's natural affinity is for the Far East — where it has made sizable direct investments including the recent acquisition of a 100 per cent controlling interest in the Bank of Canton.

While Mr Smith maintains that Security Pacific's acquisition of a 29.9 per cent stake in Hoare Govett would have been undertaken anyway, it is clear that the UK brokerage firm's offices in the Far East were a major additonal positive factor. For the moment Secrurity *Pacific's overseas operations* will be primarily directed towards the more mature markets of Europe. But in the long run Mr Flamson and others at Security Pacific, where "corporate culture" runs very deep, are gambling on the Far East.

In the meantime Security Pacific's commitment to Europe and its markets is at least determined. Security Pacific spotted the opportunitity that the potential radical re-organisation of the London markets would present and leapfrogged "the pack" to acquire its Hoare Govett stake. Since then it has acquired John Govett, the London-based investment management company, bought a 4.9 per cent stake in C. T. Pulley, the London stock-jobbers and agreed to spend an additional $55m to increase its Hoare Govett stake eventually to 85 per cent.

For the moment the "basic banking business" at Security Pacific still pays most of the bills. Nevertheless, the special*ised financial services group*, which includes equipment leasing, mortgage banking, venture capital, insurance services and other units, accounted for 28 per cent of earnings last year compared with 4 per cent in 1972. The securities and private investment group is gaining momentum, too.

Ten years from now Mr Flamson says Security Pacific will get 50 per cent of its earn*ings from "basic banking"* and the remainder from "financially-orientated businesses."

"We are not going to be manufacturing nuts and bolts," he promises. Outside those restrictions no holds are barred. As Mr Flamson admits, there will from time to time be poor *quarterly results. However*, Security Pacific's earnings record and climb up the profitability rankings of the major U.S. banks requires that it be treated in more respectful terms than simply dismissed as an overgrown "building society" —on Wall Street or in Europe.

Cabinet challenged over jobs policy

The Conservative Party at Brighton

Reports by Our Political Staff

THE NEW Government Enterprise Unit under Lord (David) Young, the minister without portfolio, has become the centre of intense infighting involving senior ministers and their departments over the direction of employment and industrial policy.

The extent of the Whitehall wrangling over Lord Young's role as promoter of enterprise and job creation has emerged at the Conservative party conference which ends today.

Considerable unease among Tory MPs and conference representatives about the latest surge in unemployment surfaced yesterday when one speaker criticised the Cabinet for seeming to lack "compassion and understanding." At a fringe meeting Mr Peter Walker, the Energy Secretary, challenged the Treasury's reluctance to take action by urging new policies "to go in the direction of full employment."

Later at another fringe meeting, Mr John Biffen, leader of the House of Commons, acknowledged "the deep anxiety of the conference over unemployment." He stressed the dangers of an approach that was too crusading and radical which might break faith with supporters. He said the Conservative Party was based on "more than just a set of economic principles."

Within the Government, different views have been reflected in the response to Lord Young's appointment and all the publicity last weekend surrounding the creation of his unit in the Cabinet office and his priority for helping the young unemployed.

Treasury and employment ministers are worried that public expectations are being raised about large-scale measures on the way from Lord Young to reduce unemployment which will be disappointed. These ministers argue that a lot of work has already been done in these areas and that public spending constraints will continue to prevent anything larger than a re-arrangement of current measures and a better co-ordination of education and training activities.

Similarly, the departments of employment and trade and industry are believed to be concerned that Lord Young's unit should not interfere with their existing work in promoting enterprise and de-regulation and they are trying, in classic Whitehall fashion to limit the resources available to him.

There is considerable personal goodwill among senior ministers toward Lord Young who is regarded as a sympathetic and well intentioned figure. However, one senior policymaker commented yesterday that ministers would have to sort out whether Lord Young was to be a supremo, a troubleshooter or a confidant of the prime minister. Senior ministers are understood to be irritated by the frequency of his interventions at a recent Cabinet committee meeting.

Significantly, during his conference speech yesterday, Mr Tom King the employment secretary, stressed his department's role in re-examining the full range of employment protection and restrictions without mentioning Lord Young's unit.

Mr King made clear that he would welcome discussions with the TUC on measures to de-regulate the labour market, including possible changes in the Employment Protection Act for young workers, as well as the controversial question of the future of Wages Councils for the lower paid. He hopes to reach conclusions by next spring.

Mr King's theme was the need to look again at the balance of advantage between the 87 per cent of the labour force with jobs and the 13 per cent without. If jobs come first, he said, there might be sacrifices in entrenched positions. He announced extensions to certain existing training and subsidy schemes and is likely to reveal limited further job creation measures in the autumn.

Mr King highlighted what he described as the unhappy figures from the latest earnings survey and, like Mr Nigel Lawson, the Chancellor of the Exchequer, on Wednesday, he warned both unions and employers that "stemming the tide of wage increases is the preliminary objective."

Tory MPs were re-assured by Mr King's focus on unemployment following what was regarded, even by his friends, as an uninspired performance by Mr Lawson. The former moderates critical of the strategy, were heartened by Mr Walker's call for action and his defence of the public sector since they believe that unemployment will now be given a higher priority.

Mrs Thatcher is expected to discuss unemployment in her major conference speech this afternoon when she intends to present the Conservatives as the national party upholding the rule of law in the miners' strike.

Otherwise, the main features in Brighton yesterday were the ovations given to Sir Geoffrey Howe, the Foreign Secretary, after the successful conclusion of the Hong Kong talks and to Mr Norman Tebbit, the trade and industry secretary, for his usual skilful conference oratory. However, he had nothing new to announce beyond confirming the continuing privatisation programme.

Mr Michael Jopling, Minister of Agriculture, said Britain's farmers did not get a raw deal on milk quotas from the EEC. He said it had to be remembered that some other dairy farmers in the Community were having to take bigger cuts than British farmers.

While Britain's overall percentage reduction in the milk year was about 6.1 per cent, that of Denmark was 6.6 per cent.

Voices swell as fringe comes to life

WHATEVER MAY be happening to the economy in general, fringe group meetings at Brighton this year have become a massive growth industry.

The right-wing Monday Club, the left-of-centre Tory Reform Group, the Charter Movement (which wants greater democracy within the party) and the Selsdon Group, are all crying their wares.

The organisation which is attracting most attention this week however, is the Bow Group which after several years of comparative hibernation has suddenly sprung into life. The TV cameras whirred yesterday as MPs, party workers and political researchers packed into a Bow Group meeting.

Journalists scribbled away as Mr John Biffen, leader of the House of Commons, gave one of his subtle discourses to the Bow Group on the presentation of Conservative Party policies.

Mr Biffen is a long-time member of the group. In fact, he could be described as the quintessential Bow Grouper: urbane, detached, pragmatic, flexible and given to disturbingly frank utterances on controversial topics.

What is not generally realised though, is the close intermeshing of the Bow group with the Conservative Parliamentary Party. Seven members of the present Cabinet, including Mr Biffen, belong to it. Sir Geoffrey Howe, Foreign Secretary, was one of the founders back in 1951. Other members are Mr Peter Walker, Energy Secretary; Mr Michael Heseltine, Defence Secretary; Mr Patrick Jenkin, Environment Minister, and Mr Norman Fowler, Social Services Minister.

No fewer than 100 MPs are members and, as the group is a broad church, this includes people of all Tory persuasions. Total membership is 1,000 and includes a high proportion of ex-graduates now in commerce and the professions.

What shot the organisation into prominence was the frank pre-conference letter addressed to Mrs Thatcher by Mr Michael Lingens, a lawyer and this year's chairman of the group. By Tory standards the language was caustic.

The Government was cautious and defensive and had run out of steam, it said. In its second term its record was "a dismal picture of missed opportunities." Characteristically the Prime Minister's instant reply dismissed these strictures as "crackers".

Sitting cooly in his hotel at Brighton yesterday, Mr Lingens at 27 one of the group's youngest chairmen, had no regrets about sending the letter. Although it was not claimed to represent the views of the group as a whole, it was widely discussed by senior non-parliamentary members and by the officers of the group before it was sent.

The group was formed 33 years ago by a few politically conscious Conservative undergraduates from Oxford and Cambridge, who started to meet in bedsitters and moved on to the Bow and Poplar Constitutional Club in the East End of London as their membership grew.

Walker focuses vision of Tory activists

ONLY 18 MONTHS ago Mr Peter Walker appeared to be an isolated figure from the Heathite past, on the outskirts of power and not fully absorbed at the Ministry of Agriculture. He seemed almost resigned to departure to the backbenches at some stage along with the prominent "wets," or moderates in the Government, Peter Riddell writes.

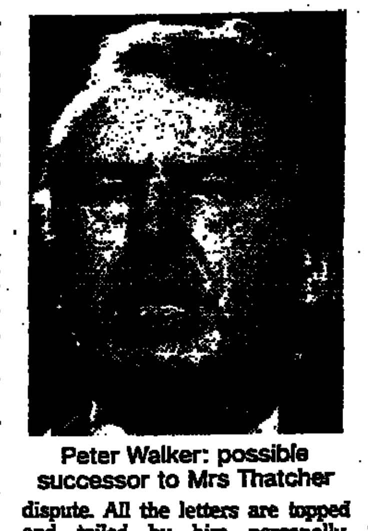
But now he is a central figure in the Government, seemingly indispensable and with his experience of the industrial battles of the early 1970s, an asset in the present miners' dispute.

Indeed, the 52-year-old Mr Walker has moved into the reckoning as a possible successor to Mrs Thatcher as leader of the Conservative Party. Surveys conducted by both the BBC Newsnight and Channel 4 Week in Politics programmes showed him slightly ahead of Mr Michael Heseltine the Defence Secretary, who is 53, in the preferences of new Tory MPs, though both were well behind Mr Norman Tebbit, the Trade and Industry Secretary, who is also aged 53.

Speculation about the Tory leadership is, of course, probably several years premature and a lot of ups and downs could occur before any vote at the end of the decade. But the re-emergence of Mr Walker as a major Cabinet figure is a significant short-term political development, as was underlined by the standing ovation for his speech on Tuesday.

The miners' strike is of course the main reason. He has had a "good war" being able to use his considerable political skills to the full. Initially he was silent, though being kept fully informed. But after the failure of the July talks, Mr Walker decided to go public to argue the Government's case.

Mr Walker is a skilled propagandist. Tory backbench MPs have received at least six letters from him explaining the latest moves in the



Peter Walker: possible successor to Mrs Thatcher

dispute. All the letters are topped and tailed by him personally, thanks to the miracle of word processors, a trick which some of his colleagues have picked up. Moreover, Mr Walker, who lives only five minutes from the Palace of Westminster is often seen around the House of Commons.

He is also assiduous in maintaining his contracts with the press – for instance, apparently keeping close touch with Mr Andrew Neil, the editor of the Sunday Times who once worked for him.

Where all this activity will lead him partly depends on the outcome of the miners' strike. But with the departure of Mr Francis Pym and Sir Ian Gilmor for the backbenches and of Willie Whitelaw to the House of Lords, Mr Walker is the main spokesman for interventionist consensus Toryism. He presented his political views at a fringe meeting yesterday lunchtime on the Tory Reform Group.

His message was direct and uncoded. "We must seek to move as quickly as we can to bring in a range of policies to go in the direction of full employment. There is a crying need for vision in employment." In addition, he argued the need to find ways of achieving economic growth and rejected the view that Britain should aim to become the great service industry economy, as has been advocated by some Treasury ministers.

He also trumpeted the benefits of a close working relationship between government and industry. And in contrast to the apologetic tone of Sir Keith Joseph, Mr Walker argued: "We should proclaim more vigorously the realities of our achievement and indulge less in the ugly rhetoric of economic theory. It was a Tory Government that saved BL from destruction by a massive public investment. Now it is a success story but we are reluctant to take the credit.

"British Steel is now succeeding in productivity, and this again after massive Government investment. We seem to overindulge in decrying public expenditure and underindulge in proclaiming what we are achieving by means of the sane and sensible public expenditure programmes that we have put into operation."

Mr Walker's message clearly delighted his audience. Several MPs left the meeting commenting that their time might be coming again. They pointed to the flat reception to the speech of Mr Nigel Lawson, Chancellor of the Exchequer on Wednesday, and to the concern expressed over unemployment in yesterday morning's debate. To the younger activists in the Tory Reform Group, Mr Walker has given the green light to demand action on unemployment.

Yet if Mr Walker has revived the spirits of the old "wets" Mr Tebbit is still the darling of the party activists. Bookmakers might care to note that yesterday's standing ovation for Mr Tebbit was as long as that for Mr Walker and Mr Heseltine combined.

Telecom offers 35% return to investors

By Clive Wolman

SMALL UK INVESTORS in British Telecom, due to be privatised next month, will be able to achieve an annualised return of about 35 per cent tax free – if they sell their shares after eight months.

This figure emerged yesterday following disclosure of further details of the £3.5bn BT share issue. The calculation assumes that the BT share price (after selling costs) by next August has moved neither above or below the issue price fixed by the Government.

However, as one stockbroker advising the Government on the issue said yesterday: "After all the Government's advertising to attract the small investor, it cannot afford the political risk of a fall in the share price when dealings start. We expect our masters to err on the low side."

He said he expected the share price to rise to a premium of about 10 per cent when the dealings start.

If this premium is maintained, the post-tax return to small investors could be over 50 per cent.

Calculation of the returns is made possible by disclosure of details of the timing of the second call for shareholders' money and of the first dividend payment. After paying 40 per cent of the cost of the shares last the end of November, shareholders will be required to make a second payment of 30 per cent in June. The date is expected to be at the end of June, but could be brought forward by a few weeks.

The first dividend will be paid in August and will be sufficient to give a yield of about 7 per cent on the value of the capital actually invested, according to the estimates of the government's advisers.

The highest returns will be achieved on an investment of £500. Broadly speaking, the larger the investment above £500 and the longer the period the shares are held beyond eight months, the lower the rate of return.

An investor buying £500 worth of BT shares will have to pay £200 at the end of November and another £150 seven months later. In July, however, he will receive two vouchers which he can use to reduce his telephone bill. Their value is £36 tax free. Then in August he will be entitled to a dividend which will be worth about £17 before tax.

The investors' optimum strategy may be to sell the shares, in their partly paid form, a few days before the dividend is due but when the share price has risen in anticipation of the dividend payout.

He will thus avoid paying income tax on the dividend which he has not received. His only tax liability would arise if the share price has risen sufficiently to push him over the capital gains tax threshold of £5,600 a year.

The pay-out of £50 to £53 on an investment of £200 for eight months and £150 for one month represents an annualised return of about 35 per cent.

Peace formula offered in coal strike talks

BY JOHN LLOYD, LABOUR EDITOR

A NEW peace formula was last night put to both sides in the 31-week-old coal dispute and accepted as a basis for continuing negotiations by the National Union of Mineworkers (NUM).

Mr Pat Lowry, the chairman of the Advisory Conciliation and Arbitration Service (Acas) proposed to the NUM and the National Coal Board (NCB) that the vexed question of colliery closures on uneconomic grounds, should be subject to a colliery review procedure which contained the independent element which would arbitrate on the closure proposals.

It is understood that while the NUM is prepared to treat this as a basis for further talks, the NCB negotiators led by Mr Ian McGregor its chairman, have so far rejected it. The NCB continues to insist that any final agreement will enshrine its "right to manage" the industry – the issue on which talks broke down three weeks ago.

Also at issue between the two sides is the status of the independent arbitrator. The NUM together with the pit deputies union Nacods – which is in attendance at the Acas talks, is prepared to accept that the arbitrator's decision is binding, provided that it is open to both parties to accept or reject any closure or other issue going to the arbitrator in the first place.

However the NCRcontinuesto insist that arbitration must be non-binding and advisry only. It is possible that both sides could agree that they could use their best endeavours to obey the arbitrator's decision.

Mr Arthur Scargill's wife, Anne, is to head a delegation of women supporting the miners' strike on a campaign in Strasbourg later this month. She will be part of a delegation invited by Labour Euro MPs who hope to win European-wide support for the UK coal strike.

Both sides spent some 10 hours at the Acas offices yesterday and adjourned at 8pm until the morning. The NUM negotiators were clearly encouraged by what they saw as a move in their direction, by the proposals put forward by Acas.

It is also clear, however, that the NCB, while rejecting the initial moves is prepared to continue discussions, in the hope of some agreements.

● Support from unions in power supply could be significant and could result in power cuts according to power union leaders.

Shop stewards in power stations in a number of areas have indicated willingness to obey guidelines embargoing deliveries of fuel to stations – though workers in the big Trent Valley stations in the Midlands where most of the coal is presently burned, have accepted increased deliveries over the past week.

The task facing Acas will not have been eased by the intransigent mood of the Conservative Party conference.

Vauxhall strike costs £15m in lost output

BY DAVID GOODHART, LABOUR STAFF

TALKS BEGAN in London last night to find a solution to the three-day national stoppage at Vauxhall which has now lost nearly £15m output (at showroom prices).

Meanwhile, mass meetings at recently privatised Jaguar in Coventry confirmed their union negotiators rejection of a rise described by the company as worth 21 per cent over 2 years.

Shop stewards at the two Coventry plants told the 7,000 Jaguar workers that the offer amounted to about 7 per cent a year once bonus consolidation was taken into account. The management said the offer would mean an extra £24.65 a week by November 1985 plus a £12.50 increase in the bonus ceiling.

A Jaguar spokesman said: "We believe that this was a generous and sensible offer with achievable objectives which would have maintained Jaguar's position as the best-paid workforce in the British Motor industry."

Union officials will continue to press their claim of £25 a week increase in basic rates when they meet the company again next week. Jaguar is on target to make a large profit this year. Profits last year were £55m and there was an operating surplus of £40m in the first half of the present financial year.

Mr John Allen, district secretary of the Amalgamated Union of Engineering Workers, said that the workforce had played a substantial part in turning round the company's fortunes. The number of strikes at Jaguar over the past four years from 100 working hours per man in 1980 to 45 minutes last year.

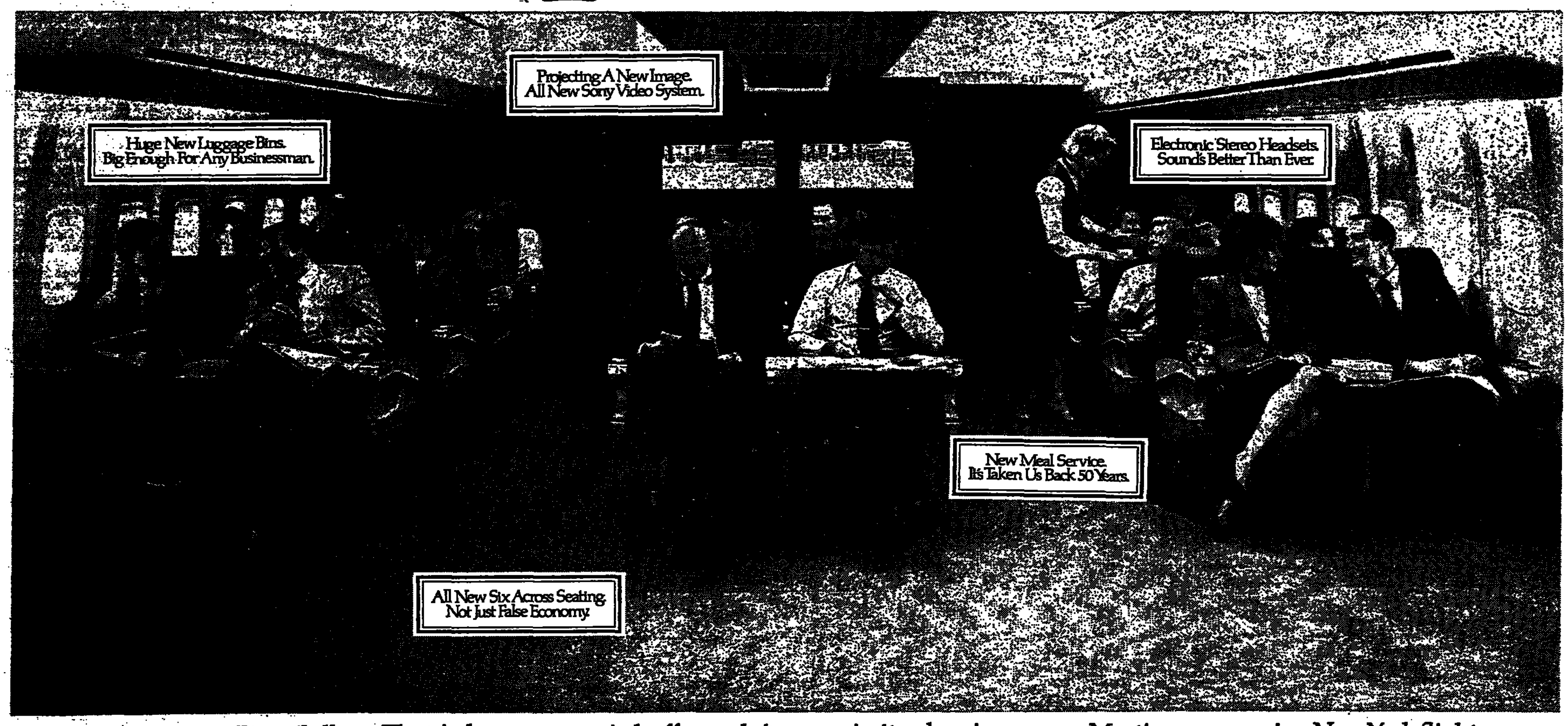
The strike at Vauxhall along with the prospect of difficult negotiations at Jaguar, Austin Rover and Ford, has come at a bad time for the industry with the International Motor Show in Birmingham next week attracting thousands of overseas visitors.

The management at Vauxhall insits that most workers will get a "new money" rise of about 9 per cent from their complex offer – but the unions continue to question that figure. They are also objecting to proposals to make skilled workers take up unskilled work. If the stoppage continues, it could jeopardise the launch of the new Astra model on October 17.

National union officials were involved in last night's talks which raised hopes of a swift conclusion.

Jaguar French agency, Page 14

Pan Am's New Clipper Class. The Million Dollar Experience.



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UK NEWS

Earnings in Midlands lowest in country

BY PHILIP BASSETT, LABOUR CORRESPONDENT

EARNINGS IN the Midlands – once Britain's industrial heartland – are now the lowest in the country, according to new Government figures.

The Department of Employment's New Earnings Survey, which every yeer takes a "snapshot" of earnings throughout the economy in April, shows that the East Midlands is at the bottom of the regional earnings league for male manual and white-collar wages taken together.

Wages there stood in April at £164.60 a week, compared to £178.80 for the whole of Great Britain and £198.20 in the more prosperous South-east region. Wages in Greater London were even higher, at £214.70.

Earnings in the West Midlands are higher than in the East Midlands, at £167, with the South-west (£166.10) and East Anglia (£166.90) between them.

Among male manual workers, though, it is those two predominantly rural areas which are at the bottom of the table, at £142.90 and £146.20 respectively. Next come the East (£147.90) and West (£148.60) Midlands, with the South-east at £160.50 and Great Britain overall at £152.70.

For non-manual males, though, the Midlands are at the bottom again – £191.20 in the East Midlands, and £193 in the West, with the South-west (£192.50) and the North (£192.40) in between the two.

For women, too, earnings in the East Midlands are the lowest in the country, at £106.90 for manual and white-collar women workers taken together.

That compares with £117.20 throughout Great Britain, £130.50 in the South-east and £142.80 in Greater London.

A similar pattern applies for women manual workers, with those in the East Midlands averaging £88.10, compared to £100.30 in the South-east, and £93.50 for Great Britain as a whole.

On particular jobs, the attached tables show the annual male manual and non-manual league placings. However, the manual table is distorted because the continuing miners' strike has meant that there has still been no settlement this year in the coal industry.

MALE MANUAL EARNINGS – TOP TEN

	April 1984
Chemical process foremen	£229.20
Electrical installation foremen	£221.30
Transport foremen	£204.60
Metal pipes foremen	£199.50
Metal making/treating foremen	£197.40
Electrical power plant operators	£194.10
Crane drivers	£193.20
Machine installation foremen	£190.10
Printing machine minders	£190
Chemical operators	£189.70
Average manual	£143.60

MALE NON-MANUAL EARNINGS – TOP TEN

	April 1984
Medical practitioners	£381.40
Finance & tax specialists	£338
Police & fire inspectors	£308.20
University academics	£296.80
Personnel officers	£286
Marketing managers	£282.20
Police & fire supervisors	£281.70
Office managers	£261.10
Journalists	£259.30
Mechanical engineers	£256.10
Average non-manual	£194.90

ICI plans £16m investment to lift capacity in PET polymer

BY MAURICE SAMUELSON

ICI FIBRES is to spend £16m on a second factory at Wilton, Tesside, in the North-East of England, to produce PET, the glossy rigid plastic increasingly being used for packaging lemonade and beer.

The plant, with an output of 30,000 tonnes of polymer a year, will be ICI's third in Europe, and will increase the company's PET polymer capacity by 50 per cent. It coincides with ICI's plans to promote PET as a packaging material for foods as well as liquids.

Mr John Lister, chairman of ICI Fibres, said yesterday that it would be the company's biggest investment so far in PET "and confirms our intention to be a world market leader."

From a consumption of 3,000 tonnes of polymer in 1979, demand in Western Europe has increased so steeply that ICI predicts that the European market will use 70,000 tonnes of PET in 1984.

Such growth is expected to continue throughout the 1980s and ICI estimates the European market will reach 190,000 tonnes by 1990. PET is also spreading to other countries, with the installation of equipment for converting the plastic into bottles.

ICI, which markets PET polymer under the "Melinar" label, claims to have a 80 per cent share of the European market, in which West German and U.S. suppliers are also active.

Besides the new Wilton plant, the company will shortly commission a £1m development line capable of producing thermo-formed food trays in PET. It should come on stream early in January, coinciding with the start of work on the new Wilton plant, which is to come into operation in the spring of 1986.

● BCL is to spend £4m in the UK on increasing its output of Cellophane, the clear wrapping material produced from woodpulp.

Review of aid could affect investors

By Mark Meredith

THE CURRENT review of regional industrial aid in Britain could see variations introduced in the range of assistance offered by new towns.

This could considerably alter the appeal to foreign investors of the five Scottish new towns which, unlike the 12 remaining English and two Welsh new towns, have a longer future as focal points for industrial promotion.

The Government is currently redrawing the regional assistance map and is expected to reduce considerably the areas qualifying for special development assistance when the Department of Industry announces its review sometime during the autumn. The emphasis is to change to more selective assistance geared to individual projects rather than automatic grants available in specific areas.

The review also takes into account the new towns which qualify as special development areas offering the maximum assistance. Companies moving into a new town can in exceptional cases qualify for assistance equal to 50 per cent of their start up costs. This includes a 22 per cent automatic regional assistance grant.

The Scottish new towns which this week published their annual reports indicated their concern about the review.

Glenrothes new town in Fife, one of the more successful corporations, with several large electronics companies among its residents, said in its report that it was anxious to keep the special status. This, it said, was "essential to enable it to continue to perform its role as a growth centre and to provide increased employment opportunities in the central area of Scotland."

A change in regional policy giving each new town differing ranges of assistance would increase the competition between the five corporations for investment. It could also be seen as benefiting new towns like Irvine in Ayrshire, which have not seen the growth of new high-technology companies compared with Livingston new town, west of Edinburgh.

The Scottish office is currently reviewing the winding-up dates for the new towns. East Kilbride, south of Glasgow, with a population of 70,700 is the only new town approaching its target population of 82,500.

Barclays raises bank charges

By David Lascelles

BARCLAYS BANK heralded another round of bank charge increases yesterday by announcing new tariffs for personal accountholders from December 3. But it appeared that one bank, NatWest, has decided to hold the line this time.

Barclays' increases, its first in 18 months, will make banking costlier for people who keep small balances in their accounts, but allow large balance holders greater flexibility.

A £3 quarterly commission fee is to be introduced, though the cost of debit entries will be cut from 28p to 26p, and direct debit charges will remain unchanged at 15p.

As before, people who keep a minimum balance of £100 will escape charges. But in future, those who keep a minimum average of £500 per quarter will also get free banking.

Jaguar names distributor in France

JAGUAR, the luxury car group, has appointed an importer-distributor in France – the company which imports Honda motor cycles to that country, Kenneth Gooding writes.

Jaguar, which was recently sold back to the private sector by BL, has been separating its import and distribution arrangements throughout Europe from those of Austin Rover, BL's volume car subsidiary.

From next January in France, Jaguar imports will be handled by the Chapat company which, apart from importing Honda two-wheelers also has some Honda car and Ford retail outlets.

The new Jaguar France company will have its headquarters in Paris and a parts and technical centre at nearby Levallois.

□ PEOPLE EXPRESS, the U.S. low-fare airline that flies between Gatwick and Newark, New Jersey, is seeking a licence to fly between Stansted, Essex, and New Jersey, on an unlimited frequency, from April 1, next year.

The airline would like to start with with two return flights daily building up frequencies as the summer traffic expands.

At the same time, People Express is pursuing as a separate application its request for the continuation of daily flights between Gatwick und Newark throughout the winter. Under its existing licence, it can fly only five return flights weekly from November 1 to March 31.

□ PLANS HAVE been drawn up by the Central Electricity Generating Board for a £10m radioactive waste store on the proposed Sizewell B power station site in case land and sea dumping is banned in the UK.

The contingency plans are for low and intermediate level waste, Mr Fred Passant, head of the Board's active waste management division told the Sizewell B inquiry yesterday.

□ PLANNED new investments at the port of Southampton worth some £3m could be put in jeopardy unless the workforce agrees to more flexible manning and shift arrangements later this month.

Several large shipping companies, notably United States Lines, have withdrawn services from Southampton after the big Hampshire container port was hit by the dock strike this year.

They have mostly gone to the east coast port of Felixstowe, now about to embark on a £47m expansion programme and seeking parliamentary approval for further possible extensions.

Why don't the writers on The Economist have the guts to sign their articles?

When Mr John Gummer read in The Economist that recent cabinet manoeuvres had taken him from a 'pseudo job' to a 'non job' he didn't know whose hand had wielded the pen.

When Mr Ken Livingstone was lambasted for running an advertising campaign of 'crude dishonesty' there was no by-line on the article.

In the midst of the battle between the CAA and British Airways, The Economist described Lord King's threat to delay privatisation as a 'blend of blackmail and bribery.' The author remained cloaked in anonymity.

The Economist has never believed in patsy journalism, the polite re-write of official handouts.

It is a journal that has opinions. It offers solutions and our writers are encouraged to challenge the hypocrisies and evasions of officialdom.

They are not, however, encouraged to sign their articles.

This is a tradition that has nothing to do with prudence.

The absence of a by-line does not mean the absence of backbone.

The Economist believes in collective responsibility. It commits its own reputation to every sentence it writes, good or bad.

There is also a more prosaic explanation. An article in The Economist is rarely the work of just one writer.

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A piece of benign legislation in one country can cause misery and unemployment in another.

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A discovery in Massachusetts can save a crop in Brazil.

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The Economist

FT COMMERCIAL LAW REPORTS

EEC investigatory material is exempt from libel suit

HASSELBLAD (GB) LTD v ORBINSON

Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice O'Connor, Lord Justice May): October 10 1984

WRITTEN allegations disclosed voluntarily to the EEC Commission to assist its investigation into complaints of distortion of trade or abuse of dominant position within the EEC, are absolutely privileged on the ground of public policy and cannot be the subject of libel proceedings.

The Court of Appeal so held by majority when dismissing an appeal by Hasselblad (GB) Ltd from Mr Justice Comyn's decision that a defence of absolute privilege was available to Mr Kenneth Orbinson in a libel action arising out of allegations made against Hasselblad in a letter written by him and forwarded to the Commission of the European Economic Community (EEC).

* * *

SIR JOHN DONALDSON, Master of the Rolls, said that Hasselblad was sole UK distributor of Hasselblad cameras, which were made in Sweden.

In July 1979 a previous sub-distributor complained to the EEC Commission that Hasselblad was carrying on business in breach of article 85 of the EEC Treaty [distortion of competition].

The Commission began proceedings against Hasselblad. In the course of the proceedings the sub-distributor sent the Commission a letter signed by Mr Orbinson. It contained allegations that Mr Orbinson's Hasselblad camera developed a fault and Hasselblad had refused to repair it on the ground that it was a "gray" or "parallel" import, having been purchased from an unauthorised dealer.

The Commission sent a copy of the letter to Hasselblad and invited its comments. It replied that the allegations were untrue. It also wrote to Mr Orbinson telling him that unless he withdrew the allegations defamation proceedings would be instituted.

Mr Orbinson did not withdraw the allegation, and the present proceedings began. Mr Justice Comyn ruled that a defence of absolute privilege was available to Mr Orbinson. Hasselblad now appealed from that decision.

In *Trapp v Mackie [1979] 1 WLR 377* Lord Diplock said at page 378 that in deciding whether a tribunal acted in a manner similar to courts and thus attracted absolute privilege for witnesses, "one must consider first, under what authority the tribunal acts; secondly the nature of the question into which it is its duty to inquire; thirdly, the procedure adopted by it in carrying out the inquiry; and fourthly, the legal consequences of the conclusion reached by the tribunal . . . To attract absolute privilege for the testimony of witnesses, the tribunal . . . must be 'recognised by law'."

At page 385 Lord Fraser said that absolute privilege had been applied to authorised inquiries before tribunals which "though not courts of justice, have similar attributes."

*

The Commission was recognised by UK law and acted under an authority derived from the EEC Treaty. The nature of the question into which it was its duty to inquire, was whether there had been infringement of articles 85 and 86 [abuse of dominant position] with a view to reaching a definitive decision and imposing penalties, subject to review by the Court of Justice.

The legal consequences of its conclusion were that its decisions were enforceable as "Community judgments" under article 192 of the Treaty, and by the UK High Court under RSC Ord 71, without further proof other than authenticity.

Thus far, nothing indicated that the Commission, in its role in relation to alleged breaches of articles 85 and 86 was other than a tribunal which "though not a court of justice, had similar attributes."

The procedure, however, was wholly dissimilar. The fact that decisions were reached by Commissioners who had not attended the hearing, on the basis of advice from representatives of EEC states which were not directly concerned, seemed to show that the Commission acted in a manner disimilar to that of civil or common law courts, and that its attributes were dissimilar to such courts. Its procedures fell into a different category, better labelled as administrative rather than judicial or quasi-judicial.

Accordingly, absolute privilege did not, as such, attach to the letter signed by Mr Orbinson.

In Riddick [1977] 1 QB 881 the Court of Appeal held that where a party disclosed a document on discovery, it was protected against any use of that document otherwise than in the action in which it was disclosed. That case was distinguishable, however, in that the document was obtained by compulsion, whereas in the present case the letter was not obtained by any form of compulsion.

The "professional secrecy" provision in article 20(1) of Council regulation No 17 provided that information acquired by applying article 11 [ie by compulsion] "shall only be used for the purpose of the relevant request or investigation." It could only be construed as applying to information acquired by compulsion and made no reference to article 3 of the regulation, pursuant to which the Commission received volunteered complaints.

Mr Tyrrell, as *amicus*, drew the court's attention to a possible argument based on public interest privilege.

Public interest as a defence involved a balancing of one interest against another. Hasselblad had a potential cause of action in libel against Mr Orbinson. That was a private interest, suported by a public interest that alleged infringements of a citizen's private rights should be investigated.

On the other hand, there was a public interest in insuring that the Commission, as a primary authority of the EEC, should not be frustrated in its duty.

Total secrecy was impossible, since the Commission required an informer to reveal to the alleged infringer the full text on which it might rely.

If there was any substance in a complaint of abuse or unlawful use of economic power, the likelihood was that the less powerful victim would be the probable source of evidence. It would therefore not be surprising if the alleged infringer's economic and other power were turned to the suppression of the evidence.

Whether Mr Orbinson's letter was true or false, there was no doubt that Hasselblad intended to do everything it could to force him to withdraw his evidence. In a sense it mattered not what Hasselblad's motives were. What mattered was the likely effect on potential suppliers of evidence to the Commission.

As Lord Reid put it in *Lewes Justices [1973] AC 388, 400*, "the real question is whether the public interest required that the letter shall not be [used as the basis of a libel action] and whether that public interest is so strong as to override the ordinary right and interest of a litigant that he shall be able to lay before a court of justice all relevant evidence."

The public interest did so require and was sufficiently strong. Disclosure of the letter to Hasselblad was for a very limited purpose, and Hasselblad proposed to use it for a very different purpose.

If Hasselblad could proceed with its action the obstacles in the way of future Commission investigations of breaches of articles 85 and 86 were obvious.

Either the Commission would be unable to make any use of volunteered evidential material because it dare not disclose it to the alleged infringer, or it would disclose the material in the certain knowledge that if the informer could be sued for libel the supply of information would be severely reduced.

Furthermore, it could not be right that national courts and EEC institutions should both independently weigh the force of patricular evidence with the possibility of inconsistent results.

Hasselblad was already in a position to say that it denied, and had always denied, Mr Orbinson's allegations. Also the European Cout had held that the allegations could not be relied upon by the Commission. That must, and should, suffice.

The appeal should be dismissed.

Lord Justic O'Connor agreed.

LORD JUSTICE MAY, dissenting, said that the scope of absolute privilege in respect of alleged defamatory matter should not be lightly extended. If communications to the Commission were not malicious, they would be protected by qualified privilege.

The fact that this was the first time that the point had arisen for decision made one wonder whether public interest in protecting complainants from vexationus litigation was as strong as had been suggested. When infringement proceedings reached the Court of Justice the protection for both complainants and infringers was quite sufficient

At the moment there was no need for such substantial extension of the defence. If it were necessar yor desirable to extend it, it would be essential to define and liimt the extension carefully

For Hasselblad: Michael Burton QC, Richard Slowe and ton QC, Richard Slowe (William T. Stockler).

For Mr Orbinson: Christopher Carr QC and Richard Behar (Pollard Scott Winter).

For the Commission, intervening in the appeal (but not in the court below): Alan Tyrrell QC and Ian Carlson (Freshfields)

By Rachel Davies
Barrister

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
12	13	14	15	16	17	18

Theatre

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. *Spiffing if you're in* that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

West Side Story (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (930 6606).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

Aren't We All? (Haymarket): Rex Harrison and Claudette Colbert in a meagre rarity by Frederick Lonsdale. Miss Colbert defies the march of time and still wears her hair the same way, with bangs. (930 9832).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been *rapturously* received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as *his imagined girlfriend*, Dot. (239 6262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (*Majestic*): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

On Your Toes (Virginia): Galina Panova with presumably a genuine *Russian* accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): *If* he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever *in* America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

WASHINGTON

Master Class (Eisenhower): David Pownall's thoughts on tyranny and artistic freedom as filtered through the gauze of Stalinist Russia starts its American run at the Kennedy Center. Ends Oct 20. (254 3670).

King Lear (Folger): The 15th anniversary of the replica Globe company starts off ambitiously. Ends Nov 4. (546 4000).

CHICAGO

Candide (Goodman): The first musical produced at the Goodman since 1978 brings Wheeler's version of Voltaire with the music of Leonard Bernstein and the lyrics of Stephen Sondheim, John Latouche and Richard Wilber. Ends Oct 28. (443 3810).

Baby With The Bathwater (Remains): Christopher Durang's comedy of the contemporary American family leans to the zany in the local premiere directed by Donald Moffett. Goodman Studio. Ends Oct 21. (433 3800).

Stage Struck (Steppenwolf): American premiere of Simon Gray's *murder mystery about a stage manager who takes revenge on his actress wife* and his psychiatrist. Ends Nov 4. (472 4141).

The Fifth Sun (Victory Gardens): Nicholas Patricca's new topical drama uses masks and ritual dances to explore the 1980 death of El Salvador archbishop Oscar Arnulfo Romero. Ends Oct 28. (871 3000).

TOKYO

Death of a Salesman *(Sunshine Theatre, Ikebukuro).* The Japanese version of Arthur Miller's classic, starring and directed by Takizawa Osamu (978-5281).

Kaiten Ningyo (Mysterious Mermaid) performed by one of Tokyo's leading avant-garde troupes Yume No Yuminsha. A fantastical and very visual piece set in the world of the Old Testament and the search for a mysterious mermaid, Honda Gekijo (493-6511).

The Cherry Orchard Imperial Theatre: Chekhov's masterpiece in Japan. Directed by RSC's Clifford Williams, in residence since August. The Toho Company (213-7221).

Cats (Cats Theatre): Approaching its first birthday and therefore Japan's longest-running (consecutive) play, this Japanese version is worth seeing. Excellent set, good dancing, Kabuki-derived movement. Shiki company, directed by Keita Asari (320-1001).

Kabuki (Kabuki-Za): Matinee contains both spectacular and grisly fare. Tamamonohae, based on the old *legend of the demon fox is highlighted* by laser lights, mid-air trapeze flying, magic performances. Banzuin Chobei starring Kichiemon has the murder-in-the-bath scene.

Opera and Ballet

PARIS

Macbeth conducted by Georges Prêtre in Antoine Vitez' new production with Renato Bruson alternating with Franz Grundheber in the role of Macbeth and Shirley Verrett alternating with Ghena Dimitrova in that of Lady Macbeth. Paris Opéra (266 5022).

La Zarzuela – An anthology created and produced by Jose Tamayo at the TMP-Châtelet (233 4444).

LONDON

Royal Opera, Covent Garden: The new production of Tannhäuser, no more *successful than the last two at Covent Garden*, has Klaus König and Spas Wenkoff alternating in the title role. Colin *Davis* conducts. A rather livlier evening is provided by the Don Pasquale role, with Rolando Panerai idiomatic and vivid in the title role and an attractive cast including Marie McLaughlin, Russell Smythe and Alejandro Ramirez. (240 1066).

English National Opera, Coliseum: The new production of Madam Butterfly, though overdetailed and sometimes rib-nudgingly irritating, shows strong determination to show the old warhorse in a striking and often harsh new light. Janice Cairns takes the title role, John Mauceri conducts a wonderfully lyrical and fluent account of the score. The Manon revival introduces Frances Ginzer and Anthony Rolfe Johnson as Massenet's principals. The Barber of Seville has the sturdy, well-tried leading trio of Alan Opie, Della Jones and John Brecknock. (836 3161).

Sadler's Wells, Rosebery Avenue: The Lar Lubovich company from the U.S. starts a season on Tuesday. (278 6916).

WEST GERMANY

Berlin, Deutsche Oper: Fidelio is of respectable standard with Ingrid Bjoner and Peter Hofmann. It is a Jean Pierre-Ponnelle production. Die Walküre, the second production of the new Ring cycle, is produced by Götz Friedrich. It brings together Wagner specialists Catarina Ligendza, Julia Varady, Peter Hofmann and Martti Salminen. Don Carlos is sung in Italian. Tosca is steered to triumph by Pilar Lorengar in the title role. Aida rounds off the week. (34381).

Hamburg, Staatsoper: Donizetti's rarely played Der Liebestrank has fine interpretations by Barbara Bonney, Rudiger Wohlers and Judith Blegen. Die Zauberflöte has Carla del Re as Queen of the Night and Harald Stamm as Sarastro. (351151).

Cologne Opera: The highly acclaimed television production of La Gazza Ladra, sung in Italian, returns with Alberto Rinaldi and Janice Hall. Tosca has Maria Slatinaru outstanding in the title role. Die verkaufte Braut, produced by Rudolf Noelte, has Hans Protschka making his debut as Hans. (20761).

NEW YORK

Metropolitan Opera (Opera House): The premiere of Jean-Pierre Ponnelle's production of La Clemenza di Tito conducted by James Levine and starring Renata Scotto, Tatiana Troyanos and Kenneth Riegel highlights a week that also includes James Levine conducting August Everding and Ming Cho Lee's production of Lohengrin with soprano Anna Tomowa-Sintow and tenor Placido Domingo; Nello Santi conducting Rigoletto; Neeme Jarvi conducting Eugene Onegin; and Julius Rudel conducting Otto Schenk's production of Les Contes d'Hoffmann. Lincoln Center (362 6000).

New York City Opera (New York State Theater): The new production of Sweeney Todd directed by Harold Prince and conducted by Paul Gemignani dominates a week that also includes Lakmé with soprano Gianna Rolandi, mezzo-soprano Susanne Marsee and tenor Barry McCauley as directed by Fabrizio Melano and conducted by Imre Pallo; and Rigoletto directed by Frank Corsaro and conducted by Mark Flint. Lincoln Center (870 5570).

CHICAGO

Lyric Opera (Civic Opera): The company's 30th season opens with Eugene Onegin conducted by Bruno Bartoletti with Mirella Freni as Tatiana and Wolfgang Brendel in the title role in Pier Luigi Samaritani's production; and Willy Decker's production of Arabella with Kiri Te Kanawa in her local debut and Ingvar Wixell as Mandryka, conducted by John Pritchard. (332 2244).

Kiri Te Kanawa who is making her local debut at the Lyric Opera, Chicago.

VIENNA

Staatsoper (5324/2655): Tosca conducted by Stein with Aragall; The Barber of Seville; Lulu conducted by Schirmer with Fassbänder, Adam, Zednik; premiere of Krenek's Karl V conducted by Leinsdorf with Reich, Armstrong, Janowitz.

Volksoper (5324/2657): Die Fledermaus conducted by Bauer-Theussl; Hello Dolly conducted by Bibl; The Merry Wives of Windsor.

NETHERLANDS

Amsterdam, Carre Theatre. All week (except Mon) the acclaimed National Ballet production of Romeo and Juliet, choreographed by Rudi van Dantzig. The title roles are danced by Jane Lord and Barry Watt / Alexandra Radius and Henny Jurriens / Jeanette Vondersaar and Lindsay Fisher. Sun and Wed are matinee performances only (14.00), All other days (8.15pm) start. (225225).

Music

LONDON

Philharmonia Orchestra conducted by Paavo Berglund. Tippett and Shostakovich. Royal Festival Hall (Tue). (928 3191)

Annie Fischer, piano. Beethoven Sonata. Queen Elizabeth Hall (Tue). (928 3191).

Camerata Bern with Heinz Holliger, oboe. Rameau, Leclair, Bartok and Vaughan Williams. Queen Elizabeth Hall (Wed).

PARIS

Nicole Eysseric Recital: Schubert (Mon) Salle Gaveau (363 2030)

Hermann Prey, Baritone, Leonard Hockenson, Piano: Schumann's Kenerlieder and Liederkreis (Mon) TMP-Châtelet (233 4444).

Ensemble Intercontemporain conducted by Pierre Boulez: Boulez-repons (Mon to Thur). Centre Georges Pompidou, Galerie Contemporaine (280 9427).

ITALY

Milan: Teatro alla Scala (concert season): Beethoven with violinist Uto Ughi and pianist Boris Bloch. Also Scriabin. (Wed and Thur). (80.91.26).

Rome: *Teatro Olimpico* (Piazza Gentile da Fabriano): Two works by Peter Maxwell Davies, Le Jongleur de Notre Dame (first performance in Rome) and The No. 11 Bus (first performance in Italy) – played by the Fires of London. (Wed and Thur).

NEW YORK

New York Philharmonic (Avery Fisher): Myung-Whun Chung conducting, Emanuel Ax piano. Bartok, Chopin, Dvořák (Tue); Myung-Whun Chung conducting, Kyung-Wha Chung, violin. Mozart, Dvořák, Prokofiev (Thur). Lincoln Center (799 9595).

WASHINGTON

National Symphony (Concert Hall): Michael Tilson Thomas conducting. Shlomo Mintz violin. Dahl, Beethoven, Brahms (Mon, Tue); Michael Tilson Thomas conducting. Mozart, Berg, Strauss (Thur). Kennedy Center (254 3776)

CHICAGO

Chicago Symphony (Orchestra Hall): Claudio Abbado conducting, Cecile Licad, piano. Schumann, Schubert (Thur). (435 8122).

VIENNA

Alban Berg Quartet: Beethoven, Bartok and Dvořák. Konzerthaus Schubert Saal (Mon and Tue). (72 12 11).

Prague Chamber Orchestra with Boris Krajny, piano. Martinu, Beethoven and Haydn. Musikverein. (Tue) (65 81 70).

ZURICH

Tonhalle: Tonhalle Orchestra. Schönberg, Haydn, Boccherini and Borodin (Wed); Piano recital. Schumann, Schubert, *Mozart* and Ravel (Thur).

NETHERLANDS

Amsterdam, Concertgebouw: Amsterdam Philharmonic under Ken-Ichiro Kobayashi, with Christian Zacharias, piano. Weber, Mozart, Debussy and Ravel (Tue); Pearce Meisenbach (cello) and Kathron Sturrock (piano). Brahms, Bernstein, Hindemith and Beethoven (Wed); North Holland Philharmonic under Roland Kieft and Saint-Saens (Thur); Recital Hall, Takacs Quartet. Haydn, Bartok and Beethoven (Thur). (718345)

TOKYO

Orchestre de Chambre Jean-François *Paillard: Handel*, Debussy, Leclair, Bach. Tokyo Bunka Kaikan (Mon) (571-1689)

WEST GERMANY

Berlin Philharmonie: Leipzig Gewandhaus Orchestra conducted by Kurt Masur. Mendelssohn, Georg Katzer and Beethoven (Mon).

Frankfurt Alte Oper: The Frankfurt Radio Symphony Orchestra conducted by Aldo Ceccato and violinist Uri Pianka. Prokofiev, Debussy and Ravel. (Thur).

Exhibitions

NEW YORK

Metropolitan Museum of Art: Te Maori begins its U.S. tour showing the native treasures of New Zealand, with a rich Polynesian heritage of stone and ivory ornaments, bone and stone weapons and wood carv*ing*. Ends Jan 6.

TOKYO

Francis Picabia: 91 works (oil paintings, watercolours, gouache, collage) covering the period between 1906 and 1951 by this leading Dadaist renowned for his many different styles, Seibu Museum of Modern Art (Seibu Department Store, Ikebukuro). A series of silent films by Dadaists (including Picabia, Man Ray, Regie) is being shown at studio 200 (same store) in conjunction with the exhibition.

CHICAGO

Art Institute: 20th-century drawings from the superb permanent collection including works by Gris, Beckmann, Mondrian, Miró, Matisse, Moore and Picasso. Ends Nov 11.

BRUSSELS

Brussels Parks and Gardens: Drawings, paintings, prints and maps of a fast-vanishing Brussels. The gardens of the Kings House as seen by Dürer in 1520. *Fountains*, grottoes, pagodas and follies of the private gardens such as Monplaisir, now Schaerbeek Railway Station, and the various views of existing geometrical (and some say Masonic) Royal Park, Banque Brussels Lambert, Place Royale. Ends Oct 30. Guided Tours (517 28 77).

PARIS

Le Douanier Rousseau: Extraordinary tropical vegetation with exotic flowers, gently poetic images of Paris and its surroundings, dignified portraits of himself and his friends fill Douanier Rousseau's canvases. Self-taught, appreciated by Apollinaire yet cruelly mocked by others, he found an escape from the daily humdrum existence in the dream world of his paintings. Grand Palais, 10am-8pm, Wed till 10pm, closed Tue. Ends Jan 7. (260 3926).

WEST GERMANY

Hildesheim, Roemer- und Pelizaeus-*Museum, 1-2 Am Steine: Max Kling*er (1857 to 1920), the painter and sculptor born in Leipzig, has been celebrated as East Germany's answer to Albrecht Dürer. This image is revised here – to lead to a more differentiated view of the artist – with the help of an exhibition comprising more than 300 of his works on loan from the German Democratic Republic, The Federal Republic and Austria. Ends November 4.

ITALY

Venice: Palazzo Fortuny: Photographs by the magnificent Helmut Newton, famous for his elegant and provocative nudes – from his early fashion plates of the 1960s to the recent studies of well-known actresses. Until Oct 21.

NETHERLANDS

Amsterdam Historical Museum. Dutch sculptors at work in their studios sensitively photographed by Louise van der Veen. Ends Dec 2.

THRACIAN GOLD

The Boymans-van Beuningen Museum, Rotterdam, has an exhibition, never to be shown elsewhere in the same form, on the gold treasures of the Thracians, who moved into the Balkans and Anatolia from the Russian Steppes around 3500BC and who were overwhelmed in the Slav Invasions of 600AD.

The exhibition is in four parts: grave goods from the tombs discovered at Varna in 1972; gold treasures spanning the period 1600BC to 200AD; archaeological finds from Djadovo, which provides a continous, layer-by-layer record of Thracian culture from 700BC; and Schliemann's finds from Troy, illustrating the recent discovery of interrelationships between Troy and Thrace.

The show, which contains over 1,800 items, is naturally dominated by the gold and silver treasures – objects of startling beauty and refinement. The highlights include two gold rhytons in the form of Amazon heads, a delicate laurel wreath covered in gold, and a number of silver rhytons with gilt feet in the form of sphinxes and horses.

Finely-worked armour and a superb helmet mask reflect the Tracians' warlike nature. The finds from Djadovo and Troy are equally fascinating, if less spectacular. The exhibition is the fruit of the twinning between Rotterdam and the Bulgarian port city of Bourgas. The Thracian objects have been loaned by 25 Bulgarian museums, while the Trojan artefacts come from East Berlin. Ends Nov 18.

MICHAEL HOYLE

Cinema/Nigel Andrews

The historic voice of prophecy

Nineteen Eighty Four, directed by Michael Radford
The Woman in Red, directed by Gene Wilder
Rat-Trap, directed by Adoor Gopalakrishnan
The Philadelphia Experiment, directed by Stuart Raffill
The Highest Honour, directed by Peter Maxwell
Andrei Rublev, directed by Andrei Tarnovsky
Yuli Raizmann films

Some imp of fate has pushed *Nineteen Eighty Four* on to our screens at the time of the political party conferences: always a great occasion for the rewriting of history, for propagandist "newspeak" and for strident denunciation of the enemies' thoughtcrimes. Michael Radford's film opens with a mighty rally in a vast and dingy hall—we might be in a post-holocaust Brighton or Blackpool—where a sea of overall-clad comrades chant, shout and raise their cross-hands salutes before the giant flickering image of Big Brother.

But in most substantive respects Orwell's novel hasn't come to pass in Britain. Its world of rationing, penury and sloganising and its hero-as-sentimental-socialist ("If there is hope it is in the proles") is closer to the year it was written *in, 1948, than the year of its* title: just as its portrait of a brutal pseudo-benevolent dictatorship is closer to the USSR then and now than to the UK then or now.

The result is that *Nineteen Eighty Four* the movie, for all the wallop in its performances (John Hurt a harrowing Winston, Richard Burton broodily splendid as his interrogator O'Brien) and the pungency of its pained and pale colour photography *(Roger Deakins) seems* oddly diselemented in 1984 the year. Though Radford has mostly been "faithful" to the novel—that odd compliment that always seems to me a vote for mindless replication—the movie's best scenes are those where he's daringly unfaithful: when he explores an avenue only hinted at by Orwell. The visionary green hillside which Winston and Julia glimpse on their first outing, a great saddle *of living beauty shrining* the ideal of the English countryside, becomes the vista that Winston dreams of whenever his imagination opens that infamous door to Room 101. Here and in the eerily beautiful painted cityscape (it might have been thieved from a Fritz Lang film) outside the window of the bedroom where Winston and Julia meet to make love, Radford hints at the Expressionism needed to lift Orwell's *time-clipped fable into a strato*sphere of timeless dream or nightmare.

Elsewhere it's suffering time again with John Hurt. Wracked on the rack, his face resembles a flayed gargoyle from Michelangelo's Last Judgment while his voice whispers pain in excruciaed squeaks and hisses. Hurt is a superb actor but isn't he in danger of giving us too much of a crucified thing? Hurt the name, hurt the game, his Equity dossier must say, or "Have nerve-ends, will unravel." Burton's O'Brien is another burnt-souled thespian in search of benediction; his cratered face and white hair lowering like a sickly moon over Winston's pain-bed while the voice *purrs torment and* salvation.

Both performances — plus Suzanna Hamilton's pale and pungent little destroyer of a Julia—are the best of British screen acting. But without a clear modern target both they and the film are hate sessions chasing an invisible enemy, detestation without destination. 1984 may ironically be the wrong year rather than the right year for *Nineteen Eighty Four.*

Gene Wilder is an ugly duckling who has forgotten his appointment to change into a swan. He scutters and squeaks through life with manic eyes, hair like an exploded halo, and speech and gestures that he can never quite get in sync with his emotions. He's too late or too early for everything, including in *The Woman In Red* the Great Infidelity. Kelly LeBrock is the scarlet-clad knockout he first sees doing a Monroe skirt-swirl over an air grating and then pursues all across San Francisco, down to a missed date in San Diego, and then at last to a prospective coitus — but will it be interruptus? — at the Biltmore.

Meanwhile, Wilder's wife (Judith Ivey) packs a pistol beneath her air of sweet patience, his roistering friends (Charles Grodin, Joseph Bologna) urge him on to lechery, and the excitable spinster secretary at his PR firm (Gilda Radnor, Wilder's real-life wife) thinks his permanently revolving eyes have been set spinning by her.

Untimely ripped from a French original — Yves Robert and Jean Loup Dabadie's *Un Elephant Ca Trompe Enormément* — the film is likably scatty and irritatingly scrappy in equal proportions. Wilder as writer and director still can't create a movie worthy of his talents as a performer. The comic champagne of *The Producers* or *Blazing Saddles* is worlds part from this flattish Asti Spumante with a few brave bubbles or hilarity. But whenever Wilder allows him*self to be Wilder* — that face with the clenched terror of a Trappist frog, those eyes that slalom from side to side during crises — he's a master comic who deserves a master comedy.

*

Adoor Gopalakrishnan's *Rat Trap* won the British Film Institute Best Film award in 1982 and is worth hotfooting to Hampstead for. For a film about family relationships, it has the metaphoric boom of a national tragedy. Deep in Kerala, Southern India, generous helpings of Hell are served with the daily rice and curry in the ancestral villa of Unni (Karamana). He lives in twilight-feudal egotism and a loneliness shading into paranoia as he lords it over one sick sister (Rajamma), one rebellious one (Jalaja) and a handful of dependents. Meanwhile one feels—though never sees or hears—an India engorged with social anger buffeting at his palisades from outside.

Gopalakrishnan directs with a majestic slow-burn tension, and he lags whole areas of interior scenes with darkness, through which a frail tawny, subverting light will outline a chair, a bed, a pitcher or a bedridden woman. Gloom can be gloomy on the screen or it can be magnetic. Here it's the second: your attention will swarm towards the film like a storm of iron filings.

*

Of storms in *The Philadelphia Experiment* there is no shortage. "James, if we don't stop this thing soon, the whole damn planet's in trouble," volunteers someone as another Special Effects tornado rips apart the Eastern seaboard. "I don't want Washington involved, not yet," says someone else. What they should have said, much earlier, is "I don't want Hollywood involved, not yet" as this ill-developed and acutely silly screenplay rips through the acting talents of Michael Paré as a World War 2 U.S. sailor *time-warped* forward to 1984 during a radar-proofing experiment at sea, Nancy Allen as the present-day girl he picks up while trying to persuade people he's not crazy, and Eric Christmas as the regretful but incorrigible scientist who caused havoc back then and is still, like a naughty schoolboy, at it now. (His latest accomplishment is to make the whole of Philadelphia disappear, an act that W. C. Fields at least would *have applauded.)*

The Special Effects are 1950s-standard, the dialogue is of an even dustier vintage. Stuart Raffill directs with a "Don't let the pace flag, chaps" brio that seems in the circumstances both completely insane and the only possible solution.

*

Rather than see this or the week's other gung-ho potboiler *The Highest Honour* — stiff upper lips v Samurai ethics in wartorn Singapore, in an Australian-Japanese co-production marathon nastily lopped for the big screen—why not celebrate two of the good filmic things that come out of Russia? One is the work of Andrei Tarkovsky, whose magnificent *Andrei Rublev* shows at the ICA in a rare complete version. The other is the little known work of Yuli Raizman, whose social dramas and historical films unfurl at the National Film Theatre ths month. Raizman's cereer spans 60 years and, insists the programme, "some of his country's most important films." Be your own judge and jury.

John Hurt and Suzanna Hamilton in "Nineteen Eighty-Four"

Gil Evans/Ronnie Scott's

Kevin Henriques

Twenty-five years ago this month tenor - saxophonist Ronnie Scott and his partner Pete King opened their first club in a Gerrard Street basement. Opening night (admission for members 1/6d, alias 7½p) featured the groups of top British musicians Eddie Thompson and Tubby Hayes. A quarter of a century and several hundred pages of jazz history later the club, now *housed in* Frith Street, is presenting one of the major influences in jazz composing and arranging, Gil Evans.

As on his most recent visits to Britain, Evans has recruited local musicians to play his music. This time he has also brought from New York long-time associate, trumpeter Lew Soloff, whose background includes five years with the group Blood, Sweat and Tears, to bolster the trumpet section and take firm on-stand charge of musical matters.

Though Soloff's presence gives much-needed direction and pugency to the evening's sets, in which the compositions (all unannounced) segue into each other almost imperceptibly, the feeling in this listener at least is of renewed disappointment — engendered by the general characterlessness of Evans' contemporary work which, in comparison with the days when he arranged for the band of Claude Thornhill and subsequently in his momentous collaborations with Miles Davis, sets him aside from no other practitioner of heavily percussive jazz-rock.

Since the early 1970s Evans has been preoccupied with electronic instruments such as synthesizers and clavinets. Clearly he is capittvaled by the modern sounds he can produce from them. The 1-strong line-up at Scott's, including two keyboard players (Evans is one), two guitarists, drums, three trumpets, two saxes and a trombone, underlines his present predilection. Most of the time the dreary thud of jazz-rock dominates. Rare are the textural shades Evans painted in earlier days. When they do emerge these written passages are to be savoured hungrily. But, wtih a comparatively small front line, they do not satisfy for long.

Saxists Ray Warleigh and Don Weller and trumpeter Guy Barker have most of the solo spots—the last named emitting some none too pleasant noises as he places the bell of his instrument close up to the microphone.

Love's Labour's Lost/Stratford

Michael Coveney

This season's main stage repertoire at Stratford-upon-Avon is completed with Barry Kyle's production of a comedy the RSC has always done well. Drenched in *Platonic* disquisition, rippling with poetry that is continuously reminiscent of the Sonnets, replete wis linguistic jokes, puns and allusions, there is still a great opportunity for heatrical dis*play in the masques*, theatricals and darkening mood in the Forest of Navarre.

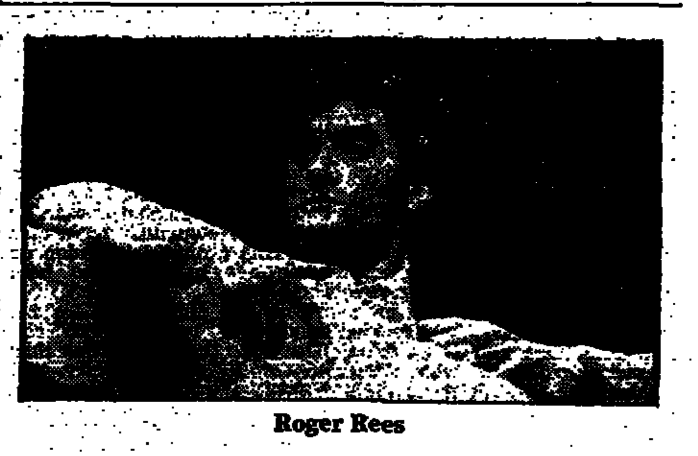
Teaming now with the designer Bob Crowley, Mr Kyle ends the season as it began and continued: with an extravagant scenic flourish. No one is happier than I to see these splendid creations of stage environment, and here we have an unequivocally French dressing heavily influenced by the Continental cinema of 25 years ago.

The problem is the opening. The King's decision to found an academy in the forest has been taken, and he spends the first scene persuading Berowne and the other two nobles to join him. But they are already in the forest—unity of place is one of the comedy's hallmarks.

Messrs Kyle and Crowley, on the other hand, deposit us in a wide forestage study of onatomical charts, book-lined walls, desks and a glass screen of Apostles, or some such intellectual brotherhood. The sensual emphasis is all wrong, for when the ugly brown swagged curtain ascends to reveal a classic French park with echoes of Resnais' *Last Year at Marienbad*, you feel the male quartet has impinged upon the territory of Don Armado, Boyet and the Princess. The whole premise of the comedy is that the reverse is actually the case.

The Princess (Emily Richard) and her companions, in their white Edwardian *Jules et Jim* dresses, hats and parasols, are natural inhabitants of the place they are supposed to have invaded. Theri lmic illusion is enforced by a wash of green Impressionist vistas behind a white muslin surround, and an attempt (not quite successful) to suggest scale and dimension with two adjacent amber statues of a headless Cupid, sprouting Mercury's wings, and Apollo. The lush literalism infects, too, the aiming and shooting imagery which Rosaline decorates by turning archer, in both senses, on stage.

Rosaline herself is the striking black actress Josette Simon, thus unleashing more literalism in the "She is born to make black fair" sequence. Miss Simon does her best with an unrewarding lead role, even if the sparks never really fly between her and Roger Rees's hectically mannered Berowne. Mr Rees delivers the great speeches superbly, especially "Oh and I, forsooth, in love" which is the still centre of the evening, as the pursuit of a monastic idyll is finally abandoned. But there is a lot of old-fashioned RSC house style playing for laughs which the simple, un-RSC approach of Miss Simon cruelly exposes.



Roger Rees

The lambent French folksong music of Guy Woolfenden is a beautiful adornment, but increasingly one feels it is at odds with the very English pastoral of the later scenes, the masque of the Nine Worthies and the progress from spring to winter after the fateful announcement of Marcadé. By this time the tall forest of white parasols, which open sweetly when the sun comes out, has withered, and leaves fall from the flies as greasy Joan doth keel the pot and icicles hang by the wall.

Kenneth Branagh's King grows to comic fulfilment in the Muscovy charade, Edward Petheridge is an elegantly shifty Don Armado, poisoned with love for the buxom Jaquenetta (Frances Barber), Harold Innocent a sedate and dignified Boyet. Frank Middlemass and John Rogan are persistently George Raistrick as the contemplative pipe-smoking constable Dull fails not with the biggest laugh of the evening.

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Telephone: 01-248 8000

Friday October 12 1984

Policies for employment

THE DISQUIET expressed at the Conservative Party conference is well justified, and felt among the Government's constituency supporters; and the conference will have performed more than its usual ritual performance if it provokes ministers to think again. The well-worn slogans and tautologies no longer pacify even the selected real and socially dangerous problem which deserves more seriuos analysis.

Ministers should remind themselves frequently that their economic philosophy is based on the virtue of the microeconomic approach — which, in plain language, means the hard work of finding specific answers to specific problems. The less ministers believe in demand management, the harder they should look for specific approaches.

They should especially not concentrate so much thought and rhetoric on the one aspect of the problem over which they have no influence at all—the level of freely negotiated wage settlements. They are already doing all they feel able to do to loosen the structure of the labour market, to reduce union monopoly power and to dismantle the over-protection of employment. This is necessary work and must be taken further, but not even its most ardent advocates, including ourselves, ever expected quick results.

Flexibility

Labour market flexibility would especially help in addressing one of the micro-economic causes of unemployment—the accelerated structural change in developed economies which has resulted from large relative price shifts and rapid technical progress. The more rigid wages are, the more quickly out-of-date industries are forced out of business. In this respect all Europe lags behind the U.S., with its tradition of mobility and weak unions, or Japan, where unions have co-operated in developing much flexibility within enterprises. But this failure has only made other problems more pressing.

One is regional decline. Nothing is likely to revive the oil coal-based industries—which is why pit closures always threaten regions of high unemployment—or divert British trade back from Europe to the Atlantic. The best way to assist these regions is not to offer bribes to multinationals, which all too often attract capital-intensive industry on unfair terms, but to invest in social and human capital—better communications and needed skills. Yet these have often been the prime victims of the general search for economy.

Technical progress is also posing a structural problem: machines displace the unskiled rather than the skiled. Yet the service industries, which have absorbed millions in the U.S., have done far less here, though unionisation is weak in these industries in Britain as in the U.S. Ths requres government acton to restore inecntives at low pay levels, by replacing some of the benefits dependent on unemployment with general low income support—as, for example, in France.

Investment

The Government needs to examine its own decision-making processes. Cutting public payrolls from the bottom, where workers with families will often receive as much out of work as they did when employed, yields minimal economies at maximum social cost. Equally, public investment should be costed taking account of opportunity cost—in other words, allowing for the consequential saving on social support and increased tax revenue. The return on the net cost of an productive spending is large; it is larger if it is concentrated on the most deprived regions.

Public investment—or any other form of stimulus—raises questions about the balance of macro-economic prorities. The recent acceleration in unemployment has itself followed a major policy change—the decision by the whole OECD to give higher priority to fighting inflation. The Americans have spectacularly abandoned this policy, but their boom is now visibly slowing down. It is all the more urgent for the European leaders to look again at the trade-off they have so far accepted. A modest co-ordinated effort to create demand for labour would have far more effect with far less risk than any one member of the EEC could achieve singly; only the Americans can afford to go it alone.

A lead from business

THE BURDEN of unemployment has convincingly demonstrated the need for structural change and improved efficiency in the older industrialised economies. The adoption of policies facilitating the needed changes is primarily a duty for governments. But enterprises have an important role to play, not present in the conduct of labour relations. Novel moves in this direction are about to be taken by two leaders of the world motor industry, General Motors in the U.S. and Renault in France.

Both concerns have negotiated agreements with their unions in which managements undertake to retrain workers becoming redundant. In this and other respects the two companies are seeking to emulate some aspects of the Japanese system, which encourages a far greater identification of employee interests with those of the employer than is usual in the West.

GM is setting aside $1bn to ensure that men and women no longer needed in their jobs can continue to draw pay while being retrained to become useful once more within the concern or elsewhere. It is providing $100m to help fund new ventures designed to provide new jobs. The aim is to offer security to those who have worked for GM for more than a year.

Productivity

Another part of the agreement provides for a substantial part of the proposed pay increases to be made contingent upon performance and the profitability of the company. This section contains an element of profit sharing.

GM hopes these arrangements—which have yet to be approved by a ballot of union members—will help the concern to kep up in the productivity race and lead to a more rational, less confrontational style of industrial relations.

In keeping with a traditional reluctance to sack workers, Renault hopes to avert compulsory redundancies by early retirements; the repatriation of migrant labourers who volunteer to go home; and by two years' retraining for employment by Renault elsewhere. The first two methods call for government money.

So, in practice, will retraining since Renault's cash flow is insufficient to pay for its ambitious but expensive gestures to its workers. The chairman, M Bernard Hanon, is already negotiating, with his shareholder, the Government, for access to new money. M Hanon appears to be betting that the business cycle and the fortunes of his company will have taken a turn for the better before the first retrainees begin looking for work.

Retraining

Curiously, West Germany — usually considered a hotbed of paternalism — has gone a different route. There are generous retraining facilities for those whose skills are no longer needed. But they are provided and financed not by industry, but by the state. On first principles that may be a better way than that chosen by GM and Renault. It avoids throwing a financial burden on businesses hard put to hold their own.

But one should not be too dogmatic. Is there any certainty that the state, rather than men engaged in industry, will identify the kind of retraining that will be most suitable, both for the trainees and for rejuvenating the economy?

When GM negotiated its contract with the United Automobile Workers it was trying to give its industrial relations a new look. Such an objective is worth paying for, as long as cost and effect are fairly matched. So is the greater flexibility in deploying the labour force which a retraining scheme, properly managed, should provide.

It is such flexibility, more than almost anything else, that the indutriailised economies of Europe and North America need. Anything that contributes, whether provided by the state or by private initiative, is worth trying. What will not be worth having is schemes that lead into a dead end, merely masking redundancy without curing it.

DOING BUSINESS IN CHINA

Now the door is really open

By Alain Cass, Asia Editor

CHINA'S first 3-D Kung Fu film got under way this week in a Sino-Japanese co-production called "The Chivalrous Woman Shisanmei." The Peking Film Studio has guaranteed its Japanese partner an audience of 200m inside China, which, in a nation of cinema fanatics where annual ticket sales run into billions, is not an improbable target.

On the same day in Peking, Herr Carl Hahn, chairman of West Germany's Volkswagen board of management, signed a 25-year contract to build Santana cars in China and said: "We are investing our own money and we hope to make a profit."

Earlier in the week it was announced that four major companies from three countries would compete for a $100m TV satellite contract as a prelude to establishing a $1bn broadcasting network.

Suddenly, it seems, after six years of abrupt changes, bitterly contested reforms and several noteworthy setbacks since the launch of the country's open-door policy in 1978, China's economic landscape is beginning to look more inviting and, perhaps, more profitable.

One Peking-based diplomat said: "For the first time I can put my hand on my heart and say that things are beginning to look up. There is money to be made in China." He has the frustrating task of persuading foreign businessmen that, under Deng Xiaoping, China's chief exponent of the free market, rigid Maoist ideology is giving way to economic pragmatism.

The new-found optimism should be reinforced next week when big changes are expected to be announced at a meeting of Communist Party's central committee. These are aimed at radically overhauling China's urban enterprises. Chinese officials have indicated that the measures will include dismantling the country's suffocating price control system, cutting subsidies to inefficient industries and giving more freedom to production managers.


Sign of the times: a Volkswagen Santana in Peking. A 25-year contract has been signed to build the cars in China

This represents nothing short of a revolution at least on paper. This is particularly so when it is coupled with the abolition of Mao Tse tung's cherished commune system in the countryside, and a stream of reforms aimed at loosening Peking's grip on the economy. Authority is being devolved to provinces, cities and even individuals who can now do business directly with foreigners.

These broader economic reforms are of vital importance for those wishing to invest in China because one of the main impediments to profitable investment is inefficiency. According to the Chinese, less than 3 per cent of the workforce in factories is technically qualified. One prominent Chinese economist said recently that only about one-third of China's factory managers are equipped to run their enterprises.

China's Soviet-style industrial sector is also riddled with problems ranging from sloppy quality production to low productivity and virtually non-existent cost accounting practices.

Over the past five years China has steadily developed its policies to entice foreign businessmen into the country, often in the face of stiff opposition from left-wingers in the party and the bureaucracy who resent the introduction of more liberal economic measures. These include:

- Fleshing out the joint venture law first promulgated in 1979 and, starting from scratch, developing legislation covering exchange control, offshore oil exploration, labour, taxation, company registration, Special Economic Zones, patents and foreign contract regulations.
- Replacing ageing or politically suspect officials in the foreign trade hierarchy in an effort to cut away bureaucracy and red tape.
- Dismantling the centrally-planned economic system. As late as 1978, all of China's foreign economic relations were under the thumb of a small number of mandarins in Peking ministries. Then there was no foreign investment in the People's Republic and trade with the West was negligible.

There is now a bewildering array of government agencies, corporations, provinces and factories authorised to do business with foreigners. The Bank of China also claims that there are 18,000 individuals with bank accounts totalling $75m in foreign exchange.

- Creating Special Economic Zones such as Shenzen, near the border with Hong Kong, which offer exceptional incentives to foreign investors. Capital investment in Shenzen has reached $287m so far this year, compared with $348m for the whole of 1983.

Earlier this year, in a major expansion of Deng's open-door policy, 14 additional cities were opened to foreign investors.

Perhaps the boldest experiment is taking place in Chonqing, an indsutrial city of 14m people in Sichuan, China's most populous province. The city has been selected as a laboratory for China's economic transformation by the central government. Some of its most ambitious economic experiments are being put to the test there.

The city's economic status has been raised to that of a province reporting directly to the State Council in Peking bypassing the Sichuan authorities. Chonqing can also now conduct foreign trade and sign contracts directly with foreigners. In the city's factories, workers' wages have been linked to their unit's performance. Factory managers have been freed from the watchful eye of local party chiefs. The local Bank of China now offers floating interest rates—rare in China—while a "talent exchange centre" has been set up to help disgruntled intellectuals look for jobs.

This proliferation of potential new business partners for foreigners has also, however, created its own problems.

Businessmen often complain that, under the new system, it is not always clear who has the authority to allocate foreign exchange to local entities. Neither is it always clear who controls what product lines, as several squabbles between rival national and local bodies have shown.

Some order has been imposed by the Ministry of Foreign Economic Relations and Trade (Mofert) which merged the old Ministry of Trade, the Foreign Investment Control Commission and the Import-Export Commission. But the new system is still operating very much on a trial-and-error basis.

Said a Peking-based management consultant: "There's certainly a lot more people to do business with in China than ever before. There's probably also more opportunities. But the new set-up is very complicated. Companies have to be very sure of their priorities and, above all else, they have to be absolutely certain that the people they're dealing with have the authority to sign on the dotted line."

FOREIGN INVESTMENT: A LANDMARK IN THE LONG MARCH...

THE SIZE of the DM 500m (£130m) Volkswagen deal signed this week makes it a landmark in China's efforts to attract foreign investment.

However, foreign companies are estimated to have invested as much as $3bn in the People's Republic, following the adoption of the Government's "open door" policy in 1978.

Most of the projects have come from Hong Kong. The money goes into light industry—textiles, electronics or food processing. Much of that is based in the special economic zones, particularly in Shenzhen, adjacent to Hong Kong.

People from Hong Kong invest there to curry favour with China, which takes over the colony in 1997. Others put finance into their old villages, further into Guangdong Province.

After Hong Kong, the U.S. is the biggest foreign investor in China. One of the first major deals which took four years to negotiate and was finally signed in May 1983, was the $51m American Motors agreement to produce 20,000 four-wheel-drive vehicles a year. AMC's investment amounted to $16m, giving it 31.4 per cent of the projects equity.

Production started in January and AMC claims that the joint venture in Peking with the Beijing Jeep Corporation is expected to show a profit this year, as well as hitting its production target.

"We knew what we were letting ourselves in for. We have not come up against any problems we did not foresee. We certainly have no regrets," a spokesman said.

AMC's objective is to produce vehicles for export to the wider Asian market in an attempt to compete with the Japanese. The company admits that its Chinese operation employs for too many workers—4,000—but it is prepared to live with this burden.

The U.S. has about 22 major agreed deals in China. Several more big ones are under discussion, including Occidental's Pingshuo coal mine project, where disputes between the partners over finance have delayed agreement.

"Americans still dream of the market of 1bn customers," said one trade consultant. "They've been far more willing to take risks than anyone else. We keep telling them how important it is to work for a good contract that will protect all their interests, but they are still dazzled and tend to give away more in China than they would elsewhere."

By contrast, the Japanese, who come after them in the investors' league, have been extremely cautious. By the end of last year they had notched up only 12 deals.

One Japanese plant, the Hitachi colour TV factory in Fujian, has had considerable problems. The Chinese side has tried to renegotiate the deal because Shanghai manufacturers are complaining at the competition from Fujian, and Hitachi has refused to allow its logo to appear on the sets because of low quality.

The most popular large projects have been hotels, in which Hong Kong or American Chinese money has been invested. The Jianguo Hotel in Peking, managed by Hong Kong's Peninsula Group, is unofficially reported to be the only joint venture in China that is actually making money.

Heavy industry has not absorbed much foreign money yet. It presents substantial problems for foreign investors because of Chinese inexperience and entrenched interests. One observer said of the Occidental mining project: "Different objectives make something like this difficult to agree on. Remember, it's not just Armand Hammer [the head of Occidental] negotiating with the monolithic Chinese. Peking, the local authorities and the Chinese railways all want a deal that's good for themselves—and these are not necessarily the same."

Sometimes local authorities are so obstructive that foreigners go elsewhere in China. "I've given up trying to negotiate in Shanghai," said one British businessman. 'Its bureaucracy is the worst and its officials the most arrogant. Jiangsu province (which adjoins Shanghai) is easier.

There is no shortage of Chinese provincial officials seeking foreign investment. A conference will be held in Hong Kong on November 6 at which delegations from all China's 14 open cities and its four Special Economic Zones will present lists of about 15 projects in search of foreign investment.

Inland provinces are holding similar investment meetings. "But when you've got your deal, problems still arise," warned one U.S. observer. "The Chinese often try to renegotiate the contract. They try to raise the water rate or the electricity charge, or make you pay more for raw materials. You may find you can't get the material you need.

"Investors still have problems with lazy attitudes, and you can't fire the workers. The quality of production may be low."

While Volkswagen's agreement may be a milestone, it marks only a stage in what is a very long march to full economic co-operation with foreigners.

Colina MacDougall
in Hong Kong

Men and Matters

Raising a question

Some of the long-established customs of the House of Commons seem likely to be maintained in Mrs Thatcher's question time at the Confederation of British Industry's conference in Eastbourne next month.

The Prime Minister has indicated that she wants no pre-arranged questions—just a lively session of spontaneous scrutiny and unprompted pumping.

But the nerves of the CBI's stage-manager do not seem to be quite as strong as Mrs Thatcher's. What if there should be not only awkward questions but awkward silences?

So the CBI will follow the precedents set by generations of Government whips in ensuring a fair wind for Prime Ministers during Commons question times.

An anonymous, but carefully selected, band of CBI members will be dispersed among the audience, equipped with the sort of queries that Churchill once called "well-rehearsed impromptus."

Keeping counsel

Hell hath no fury like that of the Tory party for one of its members who has turned pink.

George Tremlett, Tory Greater London councillor who was expelled from the group after urging Tories to vote Labour in the recent GLC by-elections, had the temerity to share a platform with GLC leader, Ken Livingstone, at one of the liveliest fringe meetings at Brighton.

The Tory faithful listened patiently to Livingstone—but Tremlett was angrily heckled as a "scab," "traitor," and even "communist," as he described at length how Mrs Thatcher had gone wrong.

Livingstone, as usual, had the last laugh. He quoted from a 1977 paper on London government which recommended the strengthening of the GLC.

One of the paper's signatories, he disclosed, was none other than Kenneth Baker, the new minister for local government.

"It could have been our 1981 election manifesto," Livingstone beamed, promising that the GLC will be reprinting it.

One owner

Bill Benton may not be known to the Tories at Brighton in the same way that Denis Thatcher and Mark Thatcher would be recognised by the assembled squirearchy.

But Benton has one important thing in common with the Thatcher men. He too has joined the growing car auction and industrial waste disposal companies put together by David Wickens.

While Denis Thatcher presses the flesh on behalf of Wickens' industrial waste disposal group, Attwoods, an diMark works in the U.S. sports car market on behalf of Group ILotus (another Wickens interest), Benton is preparing to quit Ford Motors, headquarters, Detroit, for the deputy chairmanship of British Car Auctions, and to take control of BCA's fast-expanding U.S. offshoot.

Benton is taking early retirement from Ford at 61, after a 37-year stint with the company, to start a new career with Anglo American Auto Auctions, as the Wickens U.S. business is called.

In the last three years Benton has been vice-president in charge of marketing for Ford worldwide. For four years before that he ran Ford's sales effort in Europe from Essex, England.

BCA dominates the British car auctions market through its 14 sales centres. And it is so close to Ford that it now turns over the whole of Ford's fleet business into the second-hand market.

Wickens, clearly pleased with his catch from a Detroit boardroom describes Benton as "better looking and better dressed than John de Lorean"—who was, of course, another well-known Ford alumnus.

"Any settlement will be signalled by a puff of coal smoke from the chimney"

Mighty mice

Britain's electronics industry is up with the leaders in a new sport in which tiny robots race against each other.

Two Britons were among the 55 in recent heats in Copenhagen to find a group of Europeans to take on the Japanese. The sport features machines called micromice which, aided by microchips and sensors, have to find their way to the centre of a maze.

David Woodfield, a 36-year-old computer specialist from Wolverhampton, emerged from the heats as the European micromouse champion, with his winning design enterprise.

The machine, only three inches high, took Woodfield 150 hours to build and cost £100.

For his pains, Woodfield collected a brass trophy shaped like a lump of cheese.

Among the runners-up which included two Finns and a German was Colin Dibley, who in his full time job works on industrial robots for IBM.

The next task for the British duo is to prepare for the world micromice championships in Tokyo next August. The Japanese Micromouse Society has invited the five Europeans, plus the same number from the U.S. to pit their wits against the Orient's leading robot designers.

"It's going to be tough," says Woodfield. But he takes heart from the behaviour of the Japanese micromouse experts who attended the Copenhagen event.

"They looked very confident until they saw my mouse run. When they saw it get around the course in only 27 seconds, they were less confident—which makes me think that we're in the same sort of league."

Purge off

Over Ottawa dinner-tables they have gleefully been picking over the bones of the Canadian finance department since the new progressive conservative government came to power.

But, to the surprise of many pundits, the department is likely to emerge relatively unscathed.

The top official there, Marshall "Mickey' Cohen has just been asked to stay on by Prime Minister Brian Mulroney.

Cohen, an easy-going former tax lawyer, is widely respected as a capable administrator. The question-mark over his future stemmed from his close association, while deputy minister of energy in the early 1980s, with the unpopular national energy programme which the new government is pledged to water down.

There will be a few changes at the finance department, however. The chief economist of the Bank of Nova Scotia, William Mackness, will, it is thought, join the department as a senior adviser.

Observer

POLITICS TODAY: THE TORIES IN BRIGHTON

'The temper of the people'

By Malcolm Rutherford

THE CONSERVATIVE Party conference in Brighton this week presents a number of paradoxes. The party is comfortably placed in the opinion polls, yet there is an underlying nervousness that the figures do not mean what they say and that any Tory lead could be quickly eroded.

There is a good deal of talent in the Cabinet, yet not too much evidence that its members talk to one another. Ministers have been coming out with all sorts of promises of legislation, yet are ready to entertain the charge that Mrs Thatcher's second administration has run out of steam.

The Opposition is divided, yet the Government can scarcely believe its luck. Mr Francis Pym, the former Foreign Secretary, who said at the last general election that the Tories did not need too large a majority and who has been critical of the Government on some issues, now agrees with the proposition that it is perfectly possible that they will be returned next time with around 500 MPs, out of a House of Commons total of 650 members.

The party, in short, seems uneasily poised between triumph and disaster, and is uncertain which way it will go.

Two factors overshadow the conference: the miners' strike and unemployment. The Government's approach to the miners is conciliatory. It wants a settlement. Mrs Thatcher in her speech today is unlikely to be provocative and threatening anything like the denationalisation of the pits.

But the Government also knows that it may have to sit out the strike, for a long while yet. There can be no question of totally giving in or totally giving up. Otherwise, there would be no basis for the claim that the country is gradually being turned round.

Yet however and whenever the miners' strike comes to an end, the other problem will remain. What is to be done about the still rising number of people out of work? Latest unemployment figures have hit the Government hard. Quite the biggest flop of the conference has been Mr Nigel Lawson, Chancellor of the Exchequer, who produced no new promises, no new reassurances and no new remedies. Mr Lawson appears to decline to take the conference seriously. As one of his Cabinet colleagues remarked, he would never have dared to make such an empty speech to the International Monetary Fund from which he has just returned.

Not to take the conference seriously is also a basic misreading of the modern Tory party. The composition of the conference has changed over the years. There are trade unionists here, who are not Uncle Toms and who have experience of the coal face.

The phrase "one nation" is generally out because of its association with the Tory wets, though it was used deliberately by Mr Peter Walker, the Energy Secretary, who is one of the great survivors. Instead, Mr John Selwyn Gummer, the party chairman, is talking about the Tories becoming the "national party" which can rise above sectarian debates.

An awesome sense of responsibility seems to go with it. What if the Tories get the smaller things right, yet unemployment goes on climbing? There is no Opposition ready to take its place. Alternative economic policies have been on the whole discredited, yet the present Tory theory of the creation of jobs through the enhancement of competition, has not yet been proved.

Even "wealth creation" — the great in-phrase of the week —has not shown that it produces jobs on the scale required and within the political timetable of another general election in less than four years.

So the talk is turned to the preservation of the social fabric and the rule of law. Social fabric is not what it was; witness the attacks on the Government by the Bishop of Durham and the Archbishop of Canterbury, which have been one of the sideshows of the conference.

Sideshow is the word. One has the impression that the Prime Minister rather enjoys being criticised by the Church of England, as another example of the antics of an outdated establishment. She did actually say at the start of her premiership that she wanted to stir things up.

The rule of law is another matter. Ministers are well aware that it could break down at any moment, on the picket lines for example. If a few thousand pickets were to get into a pitched battle with an out-numbered police force, the consequences could be untellable. It is sometimes a question of the Home Office simply keeping its fingers crossed against the worst happenings.

The Government is trying to strengthen the law in all sorts of ways, and not just on industrial relations. But the real debaet is more subtle than that. Ministers have heard the left-wing jibes about Tory laws and Tory judges, yet they also know of pressure from the Tory right for an even more stringent regime. Thus the search is on for a balance between the two; a legal system which gives more right to individuals yet enshrines the independence of the judiciary.

Again, there is a bit of touch and go about it. The annual lecture to the Conservative Political Centre was given yesterday by Sir Patrick Mayhew, the Solicitor-General, and was called "The Rule of Law." It contains this quotation from Edmund Burke: "Nations are governed by the same methods and on the same principle by which an individual without authority is often able to govern those who are his equals or his superiors by the knowledge of their temper and a judicious management of it . . . The temper of the people amongst whom he presides ought therefore to be the first study of those statesmen."

Those words about judging "the temper of the people" go to the heart of the Government's problems. Has it got that judgment right? Is it possible to govern by a mixture of reform and consent during a period of intense technological and social change?

All one can give so far is a preliminary answer, together with the negative point that there is no particular evidence from the opinion polls to suggest that the bulk of the electorate thinks that any other party do any better.

Mrs Thatcher's second administration seems to have recovered from the banana skins of its first year. It has used the summer well. The ministerial reshuffle looks good. In contrast to Labour in Blackpool last week, the Brighton conference has been cleverly managed, yet without giving the suspicion of being all public relations.

Neither the Labour Party nor the SPD-Liberal Alliance would have thought of the idea of holding a major debate on drug abuse. Yet it is a subject which potentially affects all people; as an issue, it is neither left nor right, nor class-based. The Tories took it on.

They have also learned a lot from their opponents after the debacle earlier this year over the reform of local government. Mr Patrick Jenkin, the Environment Secretary, who not long ago seemed a political disaster, came back strongly this week to announce a fundamental review of the complete system of local government finance.

At the same time, he got the Government off the hook on perpetually promising the abolition of the domestic rating system without knowing what to put in its place. Present local government reform is now seen only as an interim measure. The results of the review will be an integral part of the Tory manifesto at the next general election.

Mr Kenneth Baker, who is Mr Jenkin's new deputy, went on to the offensive on the issue of the abolition of the Greater London Council and the metropolitan counties and achieved the rare feat for a junior minister of winning a standing ovation at 5.30 on Wednesday afternoon. Mrs Thatcher regards him as one of her star appointments and on local government at least, it looks as if the corner has been turned.

Likewise on the National Health Service, Mr Norman Fowler, the Secretary of State for Social Services, seems to be winning the argument that the NHS is safe in his hands. He made the same speech as last year, with updated figures and th econference lapped it up. It does seem that here there have been reforms rather than cuts. Extensive amendments to the social esrvices will be promised in the Queen's Speech next year.

There were other vignettes; Sir Keith Joseph, the Education Secretary, for example, being invited to a meeting of the National Anglo-West Indian Conservative Society, not knowing what it was, but turning up and going down very well.

The press on the whole has decided not to admire the conference performances of Mr Michael Heseltine, the Defence Secretary. The Conference, however, thinks otherwise and he continues to go down like a bomb—this time for giving a forthright defence of the decision to sink the Argentine cruiser Belgrano during the Falklands war.

Mr Norman Tebbit, the Industry Secretary, had a vision of the miners' strike being the last kick of a dying horse—rather like the feudal barons of the past—and of Britain going peacefully and prosperously into the 1990s.

The Tory part yis not without its characters or contenders for the succession. Yet it comes back to two points: first, Mrs Thatcher still has a long way to go before the war for the leadership breaks out; second, even she is going to have to do something about unemployment.

In her speech today she could probably get away with reciting the Ten Commandments and the Sermon on the Mount and adding a few jokes. But the message from Brighton is that a lot of people know that the promised land, though obtainable, could still prove to be elusive.

Members of Mrs Thatcher's Cabinet (from left): Mr Jenkin, coming back strongly; Mr Walker, a great survivor and Mr Heseltine, going down like a bomb

Lombard

Why lame ducks get priority

By Paul Betts in Paris

M LAURENT FABIUS, the French socialist Prime Minister, has a habit of saying in public that if his nationalised industry bosses fail to produca profits they will soon be out of a job. In keeping with the modern, pragmatic image he likes to project, he says the state should intervene as little as possible in the affairs of nationalised industries, which in turn, should be managed on sound entrepreneurial lines.

This approach apears to have started to pay dividends. Many heads and senior executives of nationalised industries in France acknowledge that, after some initial interventionism, they are now left mostly to their own devices and suffer little interference from civil servants. The accumulated losses of the eight major industrial groups nationalised by the Left after 1981 were cut back from FFr 17.4bn in 1982 to FFr 11.4bn last year—and htat includes FFr 10.2bn for the two nationalised steel companies alone which are a special case of their own. Some of the old loss makers, including the Rhone Poulenc chemicals concern and the Pechiney aluminium group, are operating profitably again.

Under the circumstances, you would expect to find an atmosphere of gallic mirth in a good many of the executive suites of the nationalised industrial groups in France. On the contrary the mood tends to be glum with state managers increasingly worried about the future.

They have just discovered the limits of the current French socialist attitude to nationalisation. "The problem is that the state helps you when you lose money but not when you make profits," explained one manager.

For the nationalised groups on the road to recovery this is an alarming state of affairs. In most cases, their return to profit and their recovery remain fragile. Their financial requirements continue to be large to complete the investments and restructuring necessary to remain competitive on a longer term basis. And it only takes a cyclical downturn or a sudden fall of the dollar for some of these groups to be struggling again.

Take the example of Pechiney. During its dog days, the aluminium producer received FFr 4.8bn in state aid in its first two years of nationalisation. After losing heavily in 1981 and 1982, it started recovering last year (thanks also to the upturn in the aluminium market) and was profitable in the first half of this year.

Pechiney received only FFr 150m in capital endowment from its sole shareholder, the state, this year. But in the meantime aluminium prices have collapsed with the inevitable impact on the group's cash flow. The group is uncertain when it will be able to launch the second part of its long term investment programme. It will also probably have to make compromises and postpone or abandon some projects in favour of others. But because it is making money, its current problems are unlikely to receive very sympathetic hearing from its shareholders.

The Government is clearly far more anxious over the fate of the loss making French car industry which will absorb considerable amounts of state aid in coming months. The Government continues to pump in huge sums in an effort to sustain a hopeless situation in steel and in the shipyards. Despite its emphasis on tough industrial policies, it has continued to demonstrate a marked penchant for bailing out lame ducks.

This policy has also irritated a growing number of foreign industrialists.

The cynical view is that the Government is only really worried abouto ne thing—the 1986 legislative elections. In the case of the recently nationalised industries, it essentially wants them to show a clean balance sheet to back the socialist economic and industrial record. Inevitably, therefore, it is bound to help groups still struggling to return to the black in time for the elections at the expense of other groups which are in better shape but but also need support.

This may make short-term political sense, but it hardly amounts to a coherent policy for putting the nationalised groups on a sound footing.

Letters to the Editor

Reform in the City

From Dr J. Toporowski.

Sir,—Your report (October 8) that the Government is going to eschew any direct or indirect controls over the activities of most financial firms, leaving them to regulate themselves through two representative agencies, must surely herald one of the most ill-advised financial reforms of post-War years. This news will no doubt bring much comfort to financial firms who will see it as an official endorsement of the games of musical chairs which they are playing with the financial markets. It remains to be seen whether this system of self-regulation will protect investors, as intended by Professor Gower and his other advocates, or whether it will merely institutionalise "conspiracies against the laity" in the City.

What is surprising however is that in the headlong and confused rush to "reform" the financial system, much has been said about the protection of investors, but very little about the protection of what must surely be just as important a group of users of the financial system, namely borrowers. The whole discussion of City reforms seems to have assumed that the City exists for no other purpose than to market savings instruments, so that the debate has concentrated almost wholly on the terms on which such instruments should be sold. Yet financial markets are also supposed to provide services and funds for government, local authorities, industry and most households in the country. The Government looks as if it will secure its interests in the restructuring of financial markets, but what about other borrowers?

Surely it is high time to consider and debate, before they are lost sight of altogether and irreparable damage is done, the protection of the interests of those in whom funds are invested, and without whom the financial system can only be a sterile incubus. Only those who believe that we have the best of all possible financial systems, or are about to have it, can be satisfied with the one-sided and superficial discussion and reforms that have been proposed and are being enacted.

(Dr) Jan Toporowski,
London Economic Policy Unit,
Polytechnic of the South Bank,
London Road, SE1.

Exchange market stability

From Mr P. Robeson

Sir,—There has recently arisen a fresh outbreak of argument that the UK should now contemplate full membership of the European monetary system. This has been a natural reaction to the autumn's equinoctal high tide for the dollar and to the sizeable if short-lived intervention by the Bundesbank, which (combined with the modest decline in U.S. interest rates and the perception that the U.S. economy was growing less fast than in the first half of the year) was sufficient to persuade foreign exchange markets of the not particularly difficult proposition that the dollar was toppish at over DM 3.10, even though it is not currently persuaded that the time has come to sell it much further down than current levels.

Those arguing for full membership dismiss the petro-currency dissimilarity argument as out-moded, contend that the UK's anti-inflationary performance is now compatible, note the reduced volatility of EMS currencies compared to others and suggest that the tendency for sterling to follow the dollar more closely than do the remainder of the EMS bloc can be contained by forging a common European strategy towards the dollar — something which has eluded Europeans or been avoided by them for over a decade.

I have doubts over all of these points but my real and abiding objection to sterling's participation in the exchange rate mechanism of the EMS is that the group of currencies which currently compose it are in essence a D-mark bloc none of which have anything like the same international trading and investment clout of the pound —even in these days of decline from its former reserve currency status. To put sterling and the D-mark into the same yoke of narrowly pegged fixed rate currencies in a floating dollar world would be bound to give rise at some stage (given not just the inherent and likely developing economic differences of the two countries but also the inevitable disparity of demand for the two currencies by loan and investment fund managers, whose interests nowadays represent probably the largest and certainly the most mobile sector in the foreign exchanges) to a major bout of speculative pressure which would cause considerable disruption to one or both of the economies concerned not only while it was being resisted — which it would no doubt be at least initially — but also subsequently as a consequence of the imposition of whatever measures were taken—regardless of domestic considerations possibly — to support whatever new "equilibrium" level was able to be negotiated in the course of some week-end meeting of Finance Ministers.

The reason why EMS has been so stable for the past eighteen months has been the continuing strength of the dollar over that period. Given a falling dollar — which all the economic pundits are still forecasting — there will inevitably be a rush into whatever is then the newly favoured currency. If that were to be the D-mark it is extremely unlikely that sterling would rise with it pari-passu and much more likely that the market would sell sterling for D-marks at its new fixed rate even faster than it did in 1972 when, it may be remembered, a very short period of speculative activity based upon our ill-judged membership of the "snake" cost the UK's reserves $3bn.

I am anything but prejudiced in favour of floating rates and would not reject for ever full participation of sterling in the EMR of the EMS but I believe it would be much more sensible for such a move in the case of a major investment currency such as sterling to be reserved for such a time as may see a more general return to international exchange market stability including not only the Europeans and the Japanese but also and especially the Americans.

P. W. R. Robeson.
Thatchers,
Happisburgh, Norwich.

Premium refund on death

From Mr P. Richer

Sir,—I seem to have touched a rather sensitive nerve of the mighty Pru judging by Mr Wright's letter (October 8).

Mr Wright says premiums would have to be loaded to pay for any refunds. An actuary friend tells me, however, that on an annual premium of £300 for £20,000 of life cover the increase would be a trifling £2.25, i.e. less than 1 per cent.

I can still see no logical or moral justification for the practice of life offices not to pay back a proportionate part of the premium when cover ceases, as do all Swiss insurance companies, life and general. (This also applies when a house in burnt down, *pace* Mr Wright.)

In Switzerland there is no statutory compulsion but, in the words of a spokesman, it is an "unwritten law" and it seems rather a pity that our own insurance industry is not governed by some unwritten laws.

Incidentally, Mr Wright does not refer to my other major criticism of life offices as in my earlier letter regarding their malpractice in withholding interest due to beneficiaries in the interval between the death of the policyholder and the date settlement is made, to which apparently he does not take exception.

This is very encouraging since, of course, the Prudential is far and away the largest and most prestigious insurance company in the country.

Percy Richer.
9, Leigham Hall Parade,
Streatham High Road, SW16.

Pollution and energy

From Miss M. Watchorn.

Sir,—Thet Soviet Weekly of October 6 contains a very detailed reply to a query on "nuclear waste" in the light of the USSR's increasing use of nuclear power stations. I quote part(s).

"It is, of course, true that there are problems associated withe disposal of waste from nuclear power stations. The radioactive isotopes remain active—and therefore potentially dangerous—for a very long time.

Yet in man yways, nuclear power is environmentally far cleaner than conventional power. For instance, a 1m kW atomic power station uses about one ton of uranium per year, and produces about the same amount of waste.

A similar coal-fired station, on the other hand, burns some 2m tone of coal and produces 50,000 tons of ash, as well as carbon and sulphur oxides—the raw material of acied rain. In fact, because of the impurities in coal, a thermal power station will also discharge radioactive isotopes o fradium, tellerium, lead, polonium, calcium and other elements, creating 70 times as much radio-active pollution as a nuclear power station."

Then follows a long and full exposition of disposal methods. Finally "The basic requirements of any system, though, is that it realiably isolates waste from the biosphere for as long as it takes the radio-nuclides—the most dangerous elements—to decay to a safe level. There has always been some natural background radiation in the world. Humanity appeared and evolved in a world full of radioactivity and has long since adapted to natural radiation. The task of the nuclear power industry, then, is to ensure that it does not exceed this natural background. And this is a task which can be met by modern science and technology."

Mr Scargill seems somewhat out of touch with Soviet thinking and practice but, then, he is not a Socialist merely a Sectarian.

(Miss) M. Watchorn.
58 Priory Road,
West Bridgford,
Nottingham.

FINANCIAL TIMES

Friday October 12 1984

EQUITY ISSUES PLANNED AT MARKET PRICES

Top Japanese banks break ranks

BY YOKO SHIBATA IN TOKYO

JAPAN's five leading city (commercial) banks are planning to make big equity issues at market prices next spring.

Faced with domestic deregulation, rapidly evolving electronic banking and internationalisation of bank business, Daiichi Kangyo Bank (DKB), Fuji, Sumitomo, Mitsubishi and Sanwa intend to expand their capital with issue at market rates.

Traditionally, Japan's 13 city banks raised funds through new share issures almost simultaneously every three years, but they limited capital increases to allotment to their shareholders. The upsurge in their share prices since the turn of this year, however, has convinced the banks that it is profitable to raise funds at a market price issue rather than through allotment to shareholders.

Market price issues will bring a widening divergence in capitalisation among big banks and a clear break with the past consensus-oriented banking fraternity. The banks have also operated under the close protection of the Ministry of Finance's Convoy Escort Administration, which adjusts the speed of operation to the pace of the slowest so as not to allow any bank failure.

Japanese bank share prices have long been staid and dull. They have been traded under a system known as "managed stock price" where, by tacit agreement, trading ensures that no large gaps are created between the banks.

Officials of Britain's Department of Trade and Industry and Japan's Ministry of Finance are to meet in Tokyo this month to discuss the development of financial services in the two countries, John Moore writes from London. This follows Tokyo's decision to introduce measures to deregulate its financial markets.

All leading banks' share prices throughout last year hovered within Y10 either side of Y500 and four banks closed at Y500 on December 28.

This year, however, many big bank's share prices have shot up, some doubling to over Y1,000 by March. Sumitomo Bank, the nation's most efficient bank and one of the most aggressive to operate internationally, reached Y1,220 on March 30.

Sumitomo has decided to pull itself out of the cosy environment in which Japanese banks followed each other's lead not only in stock price movements, but also in dividends payments, the number of cash dispensers to install, operating hours, overseas branches, TV commercials, and even gifts to depositors in the form of summer or winter bonuses.

To finance its acquisition of a 52.67 per cent stake in the Gotthard Bank in Switzerland, Sumitomo Bank has to raise funds at reasonable cost whether by equity issue at a market price, or convertible bond issue (still banned by the Finance Ministry), by taking advantage of higher stock prices.

At the end of last year Sumitomo sounded out its lead underwriting securities house, Nomura Securities, about allowing its shares to find their real market value. Mr Hisao Aoki, senior managing director of Sumitomo, said: "At that moment, even the bank itself was half in doubt whether the stock price could move so easily."

In anticipation of expanding business opportunities by the Japanese Government's deregulation of the financial markets, and of undervalued bank assets, foreign investors bought bank stocks heavily.

Upset by the sudden gap in prices, other leading banks urged securities houses to push their stock levels to that of Sumitomo. On March 12, when Sumitomo's stock price topped Y1,000, the other four city banks scored exactly in order of their profitability – Fuji Bank Y944, Mitsubishi Bank Y930, Sanwa Bank Y926 and DKB Y865. The "managed stock price" revived on March 31, however, when all five banks closed at Y1,150.

This was because Japanese banks pay great attention to prices on this date, the last day of the financial year. For face-saving purposes they ask securities houses to close the market with uniform prices.

All this has changed because of increased business activities overseas. Japanese banks feel it necessary to strengthen their financial base to compete with their foreign counterparts in international banking. The have become increasingly sensitive about their lower equity ratio – currently about 3 per cent compared with the foreign banks' 5 per cent.

Mr Aoki of Sumitomo said: "A reinforcing of capitalisation is a matter of importance. We have been studying it, but we have not yet reached any concrete plan."

Swedish banks move in from cold, Page 2; Rise of Security Pacific, Page 11; U.S. bank results, Page 21

EEC rules against Paris plan to subsidise Chapelle

By Paul Cheeseright in Brussels

THE European Commission has told the French Government to suspend its plan for providing Chapelle-Darblay, the Normandy paper producer, with FFr 2.3bn ($244m) of subsidies.

The Commission believes that the provision of subsidies could cause distortion of trade. It is mounting an investigation under its powers to control the use of state subsidies.

Under EEC rules the subsidies, scheduled to start coming through now, cannot be paid while the investigation is in progress.

Officials in Brussels said yesterday that FFr 200m given to the company earlier without Commission approval also should be suppressed. This means that Chapelle-Darblay should give the money back, but the Commission may be prepared to see the funds changed from a subsidy to a commercial loan.

Chapelle-Darblay, which is coming under the control of Parenco, the Dutch paper manufacturer, and Paribas Bank, plans to cut production, move into more specialised lines and shed about 400 people from its workforce of 1,300 over four years.

In Brussels, however, it is believed that the amount of subsidy planned is colossal for a company of this size.

Although strict application of the subsidy rules would mean Chapelle-Darblay being left to fend for itself, the Commission is prepared to authorise subsidies when restructuring takes place in a sector suffering from overcapacity.

It was made clear yesterday that the French Government would have to produce good reasons to justify a subsidy of FFr. 2.3bn.

David Marsh in Paris adds: The Brussels decision is bound to come as an embarrassment to the French Government.

M Laurent Fabius, appointed Prime Minister in July, was in charge of the Government's handling of aid for the company during his previous term of office as Industry Minister. He has faced criticism in France that the government aid package was partly motivated to save jobs in his political constituency of Rouen, where Chapelle-Darblay has its headquarters.

France's lame ducks, Page 19

THE LEX COLUMN

A bundle of woe for Alfa-Laval

Alfa-Laval timed its share placing in the London market to perfection. Last May, when the Stockholm market was standing at its peak relative to the Capital International World Index, London's enthusiasm for Swedish equities knew few bounds and the institutions happily gobbled up £23m of new equity.

Unfortunately, the placement price of SKr 341 is now ancient history. Yesterday, Alfa shares closed at SKr 193 in Stockholm and the group's interim statement, for the first eight months of 1984, offered the institutions little hope of recouping their losses.

Pre-tax profits have fallen by a third to SKr 271m and Alfa is warning that, after SKr 150m to SKr 200m of special costs, the full-year outcome will be roughly half last year's SKr 807m. The most depressing feature of Alfa's difficulties is the suddenness of their collective arrival.

Only a few months ago the group was talking with some confidence about the current year. But, since the spring, EEC milk quotas have devastated order books in the dairy equipment business, new management has exposed problems in Algerian and Libyan plant contracts and the dairy and food operations in the U.S. have generated sales way below budget.

Alfa admits to its mistakes with a candour which would be quite unthinkable in a British company and is evidently taking steps to reduce break-even levels and where necessary – such as in parts of its contracting business – to withdraw completely. But, while it is reasonable to expect some earnings recovery next year even on maintained sales volumes, the growth image projected last May looks, to say the least, rather blurred.

Index-linked

If the current upsurge of the index-linked sector is anything to go by, the market must be taking seriously the chances of a reversal in the UK Government's ranking of its inflation and unemployment priorities. In the last month, index-linked have outperformed conventional stocks by 6 per cent. After months of unpopularity, the longest stock in the indexed market (the 2½ per cent 2020) has gained seven points in as many days, and yesterday it actually found itself in demand at the original £91.50 issue price for the first time, a fitting way to celebrate its first birthday today.

Investors may indeed have raised their inflation estimates by a notch or two lately. Heavy wage negotiations and strikes in the motor industry seem reminscent of the inflation-ridden 1970s, even if the industry now has a less central place in the UK economy. Higher productivity is becoming questionable, while wages seem about to accelerate, and the coal strike has set the fuse for rising fuel tariffs. Fears of inflation, however, do not seems to be the whole of the story.

On almost any plausible inflation assumption, index linked have been looking cheap for some while. At an inflation rate of 8 per cent, the 2 per cents of 1988 would still have a gross yield of more than 4 per cent. At times it has been possible to find indexed stock with a yield higher than that on the All Share – proof that a reverse yield gap could emerge even with risklessly indexed coupons in the bond market.

Consulting actuaries have been jumping up and down for ages to make pension fund trustees increase the amount of indexed stock in their portfolios. Given some short-term performance, the actuaries will now have more fund managers arguing on their side. But for long-term funds collectively to make their weightings up to a conservatively recommended 10 per cent, an extra £10bn of stock might need to be created. This is on the large side, as technical shortages go.

It may be wishful thinking to pent-up demand on quite this scale. Yet there is no denying that the market is illiquid; jobbers must be at the least unwilling to hold stock on borrowed money after three years of a bear market, and the 2 point spreads seen in the market yesterday show their unwillingness to be caught short when buyers appear. The market is begging to be tapped today; if the Government Broker can oblige, helping liquidity by enlarging some of the existing issues, everyone will be pleased.

Honda

This time last year, Honda Motor's interim results were bad enough to prompt the president's resignation. Yesterday, as Honda unveiled a 34 per cent rise in consolidated net income for the half year to August, all the group's executives were safely at their desks.

Honda is experiencing a progressive widening of margins which should see the half-year earnings of Y58.1bn comfortably exceeded in the second six months. But, while Honda is no longer enduring the motorcycle sales war which hit it last year, demand remains very weak in both Japan and the U.S. With margins on domestic car sales under strong pressure, the group is relying on car exports to the U.S. and output from its Ohio plant to provide the growth. Perhaps the day on which the U.S. Administration lifts the quotas on Japanese car imports will be the time to sell the shares.

Ariane chosen for Australian satellite

By Our Trade Staff

THE AUSTRALIAN Government has chosen Arianespace, the European space consortium, to launch the third of three planned domestic communications satellites under A$24m ($20m) contract announced in Canberra yesterday.

The government-owned satellite company, Aussat Proprietary Ltd, will shortly sign the contract for the launch, which is to take place between mid-1986 and mid-1988, a Government spokesman said.

The decision to opt for Ariane represents a major boost for the European consortium which is aggressively competing for launch orders against the U.S. National Aeronautics and Space Administration's Space Shuttle.

Arianespace, established in 1980, now has more than $750m in bookings, with 30 satellite launching orders from 15 clients up to 1987, compared with about 60 for the Space Shuttle. It recently won a $20m launch order from Satellite Business Systems (SBS), a U.S. communications company. The order was Arianespace's first in the U.S.

Price was an important factor in winning the Australian order. Mr Graham Gosewinckel, Aussat's General Manager, said the Space Shuttle would launch Australia's first two satellites. When the orders were placed, the Space Shuttle was "significantly cheaper" he said, but now the reverse was true. The U.S. orders cost $33m each for launch and support services.

Another reason for choosing Arianespace was that the satellite's launch from French Guiana on the Equator would effectively extend its working life to about nine years from seven, Aussat said. The European consortium will use the Ariane III three-stage rocket for the launch.

The price issue prompted Mr Bill Brock, the U.S. Special Trade Representative, in July to order an investigation of allegedly unfair pricing services offered by the Europeans. The investigation is expected to take a year.

The complaint was launched by Transpace Carriers of the U.S., which claimed that Arianespace's "predatory" pricing jeopardised the U.S. company's efforts to engage in satellite launching services.

Balance of payments deficit, Page 4

UK aid will cover full £65m cost of helicopters for India

BY JOHN ELLIOT IN NEW DELHI

BRITAIN has agreed to give India 21 Westland helicopters costing £65m ($80m) to assist in offshore oil production work, as part of what is believed to be the biggest order for civilian helicopters.

Against stiff competition from Aerospatiale of France, Britain is providing outright grants to cover the full cost of the 21 Westland 30 helicopters, with Rolls-Royce engines and basic spares, to be used by India's Oil and National Gas Commission.

Contract arrangements are being finalised in New Delhi, and on a parallel sale of six VIP Westland 30 helicopters for use by senior Government personnel, bringing the total busines for Westland to about £85m. Aid is not being provided for the six VIP aircraft, or for extra spares on the other order.

The decision to cover the full cost of the £65m order with aid, which was referred to Mrs Margaret Thatcher, Prime Minister, for approval, is likely to be controversial. The Indian Ministry of Defence is responsible for the sale negotiation and operations of the helicopters, which adds to the controversy, even though the oil commission is expected to be the owner.

Three months ago there was public criticism in the UK of the British Government's decision to provide aid of £131m to cover all the import costs, and some local costs, of a power station supplied by GEC Turbine Generators for Bharat Aluminium of India.

The two orders, for the helicopters and the power station, will be taking up a large part of the UK's annual £120m aid grant to India and may prevent tenders for other projects receiving aid support.

Westland's first big success in India came early last year when it won a £200m navy order for Sea King helicopters equipped with British Sea Eagle missiles.

The company demonstrated its 30 series helicopter, derived from the Lynx, in India a year ago for the offshore and VIP orders. It was taken on proving flights at high altitudes near India's northern border with China, as well as over the Bombay High oilfield on the west coast of India.

Early rival bids from Bell and Sikorsky of the U.S. were not taken up and the battle developed between Westland and Aerospatiale's Dauphin helicopter.

The French improved the Dauphin offer on several occasions and offered, it is believed, to provide the six VIP helicopters free with interest as low as 2½ per cent over 28 years – half the offshore order.

The UK aid was increased from about £50m to £65m after much heart-searching in the Overseas Development Administration in London about whether aid should be provided for helicopters which will be operated in the offshore oilfields by air force personnel.

There are still believed to be worries in London that the helicopters might be used for military purpose in time of war. The use of the aid was justified on the grounds that Westland will be in line for follow-on business.

The Indian Cabinet gave Westland approval in principle a couple of months ago and financial and technical details are now being negotiated.

British bank rescue may use public funds

By David Lascelles in London

THE BANK of England confirmed yesterday that some public money might have to be used in the rescue of Johnson Matthey Bankers (JMB). It had previously maintained that the only cost to the taxpayer would be the nominal £1 it paid to acquire JMB last week when it was on the point of collapse.

Britain's central bank is willing to put up £10m of a £100m contingency package it is assembling in London as an emergency reserve should JMB's loan losses wipe out its entire capital, currently over £150m ($185m).

It was stressed yesterday that the chances of this contingent liability materialising were very small. It was also claimed that there was a distinction between public money and the Bank's resources.

In the secondary banking crisis in the 1970s, the Bank took a 10 per cent share of the fund launched to provide liquidity for banks suffering a run on their deposits, so there is a precedent for its decision to assume some risk.

Sweeping job cuts at FCA

By William Hall in New York

MR WILLIAM Popejoy, the new chief executive of Financial Corporation of America (FCA), announced yesterday that it is to lay off 1,500 staff, equivalent to a fifth of its workforce, in a bid to create a leaner organisation. The company said it had also put up for sale five company aircraft, 475 company cars and 41 apartments which had been used by company staff.

Under the previous management, headed by Mr Charlie Knapp, FCA had grown rapidly into the twelfth biggest deposit-taking institution in the U.S. with assets of over $30bn.

However, FCA's rapid and controversial growth came to an abrupt halt this summer when it announced a surprise $107.5m loss, which precipitated a run on its deposits by nervous investors.

Mr Popejoy indicated yesterday that the FCA is going to be a far less flamboyant institution. He said that he and his top executives would take a 20 per cent salary cut.

Iceland pay talks end in deadlock

BY KEVIN DONE, NORDIC CORRESPONDENT, IN REYKJAVIK

ICELAND's political crisis deepened further yesterday as a fresh round of talks between the Government and the striking public sector union ended in deadlock. The Government is expected to face an early vote of no confidence after severe opposition criticism over its handling of the strike.

The week-long strike by 11,000 of Iceland's state and local authority workers has stopped many services on the island. A growing list of controversal pay demands, in the public and private sectors is threatening to wreck the Government's ambitious plan for curbing the nation's chronic inflation.

Inflation has been cut from more than 130 per cent in the first half of last year to about 15 per cent, but public sector workers are now demanding rises of about 30 per cent to compensate for the steep fall in living standards over the last two years.

The strike has closed the island's schools and brought bus and postal services to a halt. The state-run television and radio stations have been closed, telephone and telex links impaired and action by customs and immigration officials has stopped several vessels from docking at the main ports of Reykjavik and Keflavik.

Flights to the international airport at Keflavik have been delayed by picketing and the future of air services to the island was thrown into confusion yesterday by the walkout of customs men and officials operating security checks.

The public sector union BSRB claims that its members' wages have effectively been cut by more than 25 per cent in the last two years. A pay rise of only 3 per cent was due on September 1 but this has been rejected.

Mr Albert Gudmundsson, the controversal Finance Minister, has inflamed the dispute by stopping wages to striking workers at the beginning of this month and by suggesting that wages should be cut if inflation is to be controlled.

Talks were due to start last night on Government proposals for trading income tax cuts for wage restraint.

Manufacturers Hanover hit by provisions

By Terry Byland in New York

MANUFACTURERS Hanover, fourth largest U.S. commercial bank, increased net earnings from $88m, or $2.20 a share, to $88.6m or $1.69 a share, in the third quarter, after increasing provision for possible loan losses for the quarter from $40.3m to $104.8m.

Certain non-accrual Argentine loans had impacted earnings by $10.8m. Share earnings were affected by the issue of 5m shares in February and by dividend requirements on preferred stock issued in May

Total reserves against possible loan losses now stand at $584.2m, or 1.03 per cent of outstanding loans. Loan loss reserves have increased by $41.8m since June 30, when they were 0.95 per cent of outstanding loans, and by $202m from a year ago, when they were 0.83 per cent.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	21	70	Dubrovnik	F	21	70	Malaga	S	23	73	Salzburg	C	12	54
Akrotiri	S	31	88	Faro	S	22	72	Malta	—	—	—	Seoul	C	25	77
Algiers	—	—	—	Florence	T	22	72	Manila	C	31	88	Singapore	C	31	88
Amsterdam	R	15	59	Frankfurt	C	16	61	Miami	C	28	82	Stockholm	F	13	55
Athens	S	30	86	Funchal	F	22	72	Milan	C	16	61	Strasbourg	C	14	57
Bahrain	C	34	93	Geneva	S	15	59	Moscow	C	11	52	Sydney	C	20	68
Bangkok	C	33	91	Gibraltar	S	19	66	Munich	C	12	54	Taipei	C	26	79
Barcelona	F	22	72	Guernsey	S	14	57	Nairobi	—	—	—	Tangier	S	28	82
Beirut	S	30	86	Helsinki	R	10	50	Naples	F	24	75	Tehran	—	—	—
Belgrade	F	21	70	H. Kong	—	—	—	New Delhi	C	34	93	Tel Aviv	S	34	93
Berlin	C	17	63	Innsbruck	C	15	59	New York	C	18	64	Tenerife	S	27	81
Biarritz	C	17	63	Inverness	S	10	50	Nice	F	22	72	Tokyo	R	17	63
Blackpool	C	14	57	Istanbul	—	—	—	Oporto	—	—	—	Toronto	C	16	61
Bordeaux	F	12	54	Jersey	F	15	59	Oslo	F	11	52	Tunis	F	23	73
Brussels	F	16	61	Jo'burg	C	21	70	Paris	C	17	63	Valencia	S	23	73
Budapest	S	17	63	Las Palmas	S	26	79	Prague	C	18	64	Venice	—	—	—
B. Aires	C	27	80	Lima	C	21	70	Reykjavik	S	3	37	Vienna	C	14	57
Cairo	C	34	93	Lisbon	S	16	61	Rio de J'o	C	32	90	Warsaw	C	15	59
Cape Town	—	—	—	Locarno	C	14	57	Rome	F	22	72	Zurich	F	14	57
Caracas	C	28	82	London	F	17	63								
Casablanca	S	22	72	Los Angeles	C	25	77								
Copenhagen	F	15	59	Luxembourg	C	15	59								
Corfu	S	30	86	Madrid	S	21	70								
Dublin	C	13	55	Majorca	F	22	72								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Marc Rich settlement

Continued from Page 1

As part of the agreement Marc Rich and Co AG, the Zug, Switzerland-based parent group, and its U.S. operating unit, Clarendon Ltd., each pleaded guilty to 38 counts of making false statements. The U.S. unit also agreed to plead guilty to two charges of evading more than $48m in federal income taxes.

Judge Shirley Kram, accepting the pleas, yesterday fined the two companies a total of $780,000 and ordered Clarendon to pay $33,000 in costs.

In addition, the government lawyers said the defendents agreed to pay about $150m in settlement of the charges, which mostly relate to allegations that the commodities group evaded $48m in taxes on illegal oil trading profits, and waive rights to about $21m in fines already paid by the two companies for refusing to produce documents demanded by the U.S. courts. They said that the settlement also provides for the lifting of certain court imposed restrictions on Clarendon which have severely limited the U.S. unit's ability to operate.

The lawyers told the court that the agreement also covered charges against Mr Clyde Meltzer, an oil trader, who admitted one charge of making a false statement to the U.S. Internal Revenue Service

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SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday October 12 1984

Honda profit surges aided by dollar climb

BY YOKO SHIBATA IN TOKYO

AN UNEXPECTED fall in the value of the yen against the dollar boosted Honda Motors Group net profits by 33.7 per cent to Y58bn ($234.3m) in the first half year to August 31. Consolidated sales reached Y1,346.4bn up 12.4 per cent over the same period in the previous year.

Net profits a share also advanced to Y62.34 from Y48.93 in the previous year. Net income each American depositary share was Y623 compared with Y489 in the previous year.

Honda's parent company's pre-tax profits were Y28.9bn with net profits of Y14.4 and sales of Y950bn.

During the half year, Honda's motorcycle unit sales fell by 16.4 per cent to 839,000 units worth Y120.4bn, down by 19.3 per cent. Unit sales of cars rose by 6.8 per cent to 313,000 units. Because of its emphasis on sales of more profitable cars, sales in money terms improved by 12.9 per cent to Y398.6bn. Sales of power products surged by 35.3 per cent to account for 8.9 per cent of turnover, helped by the success of the new "All Terrain" cycles – the so-called three-wheel buggy – and lawn mowers in the U.S.

The earnings jump was attributed in part to lower administrative expenses and an improved financial balance resulting from reduced interest expenses and increased interest income.

Such favourable factors more than offset negative items such as higher research and development spending and a fall in income from non-consolidated subsidiaries and affiliates.

Honda's Ohio plant is working at full capacity manufacturing 130,000 Accord cars a year. The company is to start exporting the U.S.-made Accords to Canada next month. However, the plan to manufacture motorcycles in the UK is still being studied and the company aims to make a decision by next March.

For the current fiscal year, ending February 1985, Honda faces sluggish demand for motorcycles and a further intensification of car sales competition in the domestic market.

However, higher exports of passenger cars, power products and car components to the U.S. are expected to continue throughout the year.

According to the parent company's earning estimate, full-year pre-tax profits are expected to reach a record of Y60bn, up 12.3 per cent, with record net profits of Y30.4bn, up 23.8 per cent, on projected sales of Y192bn, up 4 per cent from the previous year.

IBM has 21% rise in third quarter

By Paul Taylor in New York

IBM, the world's largest computer manufacturer, yesterday reported increases of more than 21 per cent in third-quarter and nine-month net earnings, but said the strength of the U.S. dollar was seriously affecting earnings and gross income.

IBM said net income in the latest quarter increased by 21.6 per cent to $1.585bn or $2.60 a share compared with $1.303bn or $2.14 a share in the previous corresponding quarter on gross income that increased to 10.657bn from $9.406bn.

Worldwide net earnings for the first nine months of the year increased by 21.8 per cent to $4.41bn or $7.22 a share from $3.622bn or $5.98 a share on revenues and sales that grew by 15.2 per cent to $31.441bn from $27.283bn, mainly reflecting higher sales of new equipment.

Mr John Opel, IBM's chairman said: "Period-to-period comparisons continue to be affected by the strengthening of the U.S. dollar relative to the currencies of many countries." If currency rates had remained stable over the two periods, IBM estimated that gross income would have been $985m higher and net earnings $200m greater for the latest nine-month period.

Nevertheless, the IBM chairman said, "IBM's performance in the first three quarters continues to reflect strong customer acceptance of our products, with shipments significantly increased over 1983 and corresponding growth in earnings over the nine month period."

IBM said after-tax margins for the nine-month period increased to 14 per cent from 13.3 per cent last year. Earnings before taxes were $7.833bn or 17.4 per cent higher than $6.573bn in the 1983 period, and pre-tax margins improved to 24.9 per cent from 24.5 per cent.

Voice recognition at IBM's U.S. laboratory. Page 32

Mixed performances for big U.S. bank groups

BY PAUL TAYLOR IN NEW YORK

CHEMICAL New York and Security Pacific yesterday became the first of the leading U.S. banks to report their eagerly awaited third-quarter earnings – results expected to be extremely mixed, reflecting the impact of higher loan charge-offs and bigger loan loss provisions.

Both banking groups reported higher net earnings. Although Chemical, the sixth largest U.S. banking group in terms of year-end assets, reported a slight decline in earnings per share reflecting higher dividends on adjustable-rate preferred stock and additional common shares outstanding.

As a result, while Chemical's net earnings increased by a modest 1.2 per cent to $77.18m from $76.27m, per share, earnings fell from $1.50 to $1.42 and on a fully diluted basis from $1.45 to $1.38.

In contrast, Security Pacific, the fast expanding West Coast banking group, which now ranks as the *eighth largest in the nation and* which last week announced that it would take most of the proceeds of the sale of its Los Angeles headquarters to bolster loan loss reserves, reported a 10.9 per cent increase in net earnings to $74.8m from $67.4m in the same quarter last year and an 11.05 per cent increase in net earnings per share to $2.4 a share from $1.83 a share.

Security Pacific's latest results lifted its nine-month net earnings to $211.3m or $5.74 a share from $193.7m of $5.31 a share in the same period last year.

Non-performing loans and leases at Security Pacific increased to $1.043bn at the end of the quarter compared with $903m a year earlier and $1.04bn at the end of the second quarter.

The quarterly provision for loan losses was increased dramatically from $32.2m a year ago to $215.6m – including the $150m special provision funded by the sale of the headquarters building for $310m.

During the latest quarter, the banking group said net credit losses totalled $60.1m, up from $32.9m a year ago. At the end of the period, the group's reserve for possible *credit losses stood at $507.4m or* 1.67 per cent of total loans compared with 1.2 per cent a year earlier.

Chemical, whose latest earnings lifted nine-month net earnings to $235m of $4.45 a share compared to $217.5m of $4.58 a share also reported higher non-performing loans, loan charge-offs and loan loss provisions for the quarter.

The group said non-performing and renegotiated loans increased to $1.177bn at the end of the quarter compared to $892m a year earlier. At the end of the quarter the bank said its total exposure to Argentina was $371m, up $40m from the end of the second quarter of which $247m were non-accruing loans.

Loan loss provisions for the third quarter totalled $42m compared to $41.8m a year earlier

● J. P. Morgan, the fifth largest U.S. banking group, said its third-quarter net earnings increased by *19 per cent to $120.4m or $2.70* a share compared to $101.1m or $2.30 a share in the 1983 quarter while nine-month net earnings increased to $370.1m or $8.34 a share from $333.9m or $7.65 a share.

● Irving Bank, the 22nd largest U.S. bank *in terms of year-end* assets, reported third-quarter net earnings of $24m or $1.24 a share compared to $21.6m or $1.13 a share a year earlier.

The rapid rise of Security Pacific, Page 11

Defence groups boost results

By William Hall in New York

LOCKHEED, the U.S. aerospace and defence contractor, is continu*ing its rapid recovery with a 49 per* cent surge in third-quarter earnings to $89.1m. It has taken on another 9,200 workers since the beginning of the year to cope with its growing order backlog.

Raytheon, which is a smaller but more profitable defence contractor, reported a 12.7 per cent rise in income from operating earnings to $85.9m. Raytheon's sales were marginally higher than last year's $1.4bn in the third quarter while Lockheed's sales for the third quarter were 29 per cent higher at $2.1bn.

Mr Roy Anderson, Lockheed's chairman, said that higher earnings were due to increased sales from new businesses such as the Space Shuttle ground processing programme, Milstar, Trident missile and the C-5B contracts and a "generally improved performance" on most of the company's established programmes.

Lockheed's funded order backlog at September 23 totalled $7.4bn down from $7.7bn at the end of 1983. U.S. Government orders accounted for 84 per cent of the total. The unfunded order backlog totals $16.6bn sharply up on the $11.9bn at the end of 1983.

Raytheon said that its backlog of funded U.S. Government orders rose by $1bn to $4.359bn compared with a year ago. Total orders on hand amounted to $6.69bn compared with $5.66bn a year ago.

At the end of September, Raytheon employed 73,999 and Lockheed employed 81,000.

For the first nine months of 1984, Lockheed's earnings are 31 per cent ahead at $235.5m and Raytheon's earnings from continuing operations are 11 per cent higher at $250.5m. In the first nine months.

Intel earnings up but growth slows

BY LOUISE KEHOE IN SAN FRANCISCO

THE extraordinarily rapid growth of U.S. semiconductor sales over the past year is slowing down, according to Mr Andrew Grove, president of Intel. Announcing the company's third-quarter results, Mr Grove said that the balance of supply and demand in the semiconductor industry was returning to normal after a period of serious shortages.

*Intel's third-quarter revenues to*talled $432m, up 48 per cent from $292m a year ago. Net income grew by 118 per cent to $70, or 60 cents share, from $32m, or 29 cents a share, in 1983. Third-quarter income includes a one-time tax credit of $19.3m.

"We have grown extremely rapidly since the first quarter of 1983," Mr Grove said. "In the third quarter our growth pace moderated for internal and external reasons. As a result, revenues grew more slowly than in the second quarter and net income (excluding tax credits) dropped 7 per cent from the preceding quarter."

Mr Grove acknowledged problems at Intel's newest and most advanced production facility in Albuquerque, New Mexico.

At the plant Intel has pioneered the use of six inch (15.25 cm) diameter silicon wafers, but the company has encountered serious problems with production equipment and systems. The facility is not expected to make a significant contribution to Intel's revenues until next year.

Management buyout of Formica

By Our New York Staff

AMERICAN CYANAMID, the U.S. pharmaceuticals, chemicals and consumer products group, has agreed to a $200m management buyout of its Formica Brands business, the world's biggest decorative laminate producer.

Shearson Lehman/American Express and certain members of Formica management have entered into a definitive agreement to buy *most of Formica's worldwide opera*tions which last year had sales of $340m and operating earnings of $15m.

American Cyanamid announced last May that it was looking for a buyer for its Formica Brands business *which is larger than its next* three competitors in the $1.5bn decorative laminate market.

City Investing sells motel unit

BY PAUL TAYLOR IN NEW YORK

CITY INVESTING, the diversified New York-based group that is in the process of liquidating its assets, has agreed to sell its Motel 6 to an investor group headed by Kohlberg, Kravis, Roberts (KKR) for $565m in cash.

The agreement comes two weeks after City Investing's board formally accepted a $1.25bn offer from an investor group led by KKR and Merrill Lynch capital markets for *three of its other main operations,* Rheem Manufacturing, World Color Press and Varco. At the same time the board called a special December 12 shareholder meeting to vote on a plan of liquidation.

Motel 6 is the U.S.'s largest chain of directly operated motels with 365 locations nationwide.

The agreement to sell the Motel 6 unit to the KKR-led group represents a further blow to Tamco Enterprises, an investment group led by Mr Lyman Hamilton, the former *ITT president, which had offered to* buy Motel 6 and City Investing's Home Insurance Company for $1.23bn and subsequently offered to pay $550m for the Motel 6 unit alone.

City Investing said that under its latest agreement with the KKR investors group, which is subject to various conditions, including shareholder approval and the signing of a definitive agreement by November 10, the group had been granted an exclusive option to purchase Motel 6 on "substanially the same terms." That *option* appears *an attempt to* shut out any further competing offers.

INTL. COMPANIES & FINANCE

Jonathan Carr reports on the mixed fortunes of Portfolio Management's new issues

German investors adjust to risk

"WHERE THERE are stocks and shares there is also a risk," Herr Bernd Ertl of the Munich-based Portfolio Management (PM) often stresses to clients and the Press. The truth of his remark has been dramatically demonstrated recently by the fate of two companies which PM has helped to go public.

Last month, BCT Computer of Cologne, which raised DM 12m ($4m) through its first public share issue in March, applied for court protection from its creditors because of serious liquidity problems. The share price, which at one time had hit a high of DM 230, had already plunged to below DM 30 before BCT's application for *Vergleich* (composition proceedings) became known. The company blamed, in particular, unfavourable Press comment which it said had brought about a financial vicious circle of cancelled credit lines and tax pressures.

A few weeks earlier, Kerkebachbahn, a company mainly involved in real estate which went public under PM's wing in 1983, was raided by police, and its chief executive arrested. Only shortly before, the company had been seeking to acquire control of Victor Technologies, the U.S. computer group. Now Kerkebachbahn is the object of bankruptcy proceedings. PM had long had growing reservations about Kerkebachbahn's business strategy, and had distanced itself from the company before the crash came. But inevitably its original support has been recalled and publicly underlined.

Nor do PM's woes end there. The shares of several other companies taken to the market sponsored by PM, notably Treuwo, a real estate concern, and Tewidata and Knürr, two electronics companies, have also performed dismally. It might thus be concluded either that PM produces only flops, in contrast with successful new issue houses, or that the whole business of bringing new companies to the German stock market is proving unproductive. Either conclusions would be wrong.

The Frankfurt Bourse: More and more West German companies are going public; either through an official bourse listing or via the over-the-counter market or the unregulated free market.

PM has had notable successes, in particular with some small but dynamic companies in the electronics field, like Electronic 2000 (share issue in 1982) and GfC (issued last year). In each case, the current share price is far above the issue price. True, PM could not afford to be involved often in issues which flop as badly as Kerkebachbahn and BCT have done. But even having a far bigger and better established house than UM as issue-leader is no guarantee of stock market success.

The shares of several of the companies brought to the stock market by Deutsche Bank have performed only modestly—although, admittedly, there have been no calamities and some big successes (among them this year's stars, Porsche, the sports car builder, and Nixdorf, the computer company).

The real contribution of Herr Ertl and PM (total Munich staff 23) has been to act as an ice-breaker—helping to smash frozen German attitudes to equity investment. Since 1981, when PM began this line of business (its main activity is private and institutional investment management) there have ben some 30 new share issues in Germany.

Of that total, about one-third have been led by PM and around half by Deutsche Bank. In other words, a David and a Goliath have had the field almost to themselves.

This has often earned PM anything but praise. It is pointed out that most of the PM issues are fairly small, with a narrow market, which tends to make for very sharp swings in the share price. Certainly a concern of PM's size could not take on a company as big as Nixdorf, with an annual turnover of DM 3bn ($1bn). It is also noted that, apart from Electronic 2000, PM's issues have an official stock market listing, but are introduced either into the "geregelte Freiverkehr" (the over-the-counter market) or the "Telefonverkehr" (the unregulated free market).

Between the end of the Second World War and 1977, only 21 companies went to the stock market for the first time. Corporation tax changes then made it more attractive to investors to hold shares. Since then, more than 40 companies have gone public — few by either U.S. or British standards, though the pace is quickening.

Last year there were 11 new issues, with a nominal volume of DM 72m, raising about DM 320m. This year there have already been 14 new issues, raising more than DM 1.5bn. The sharp jump in the D-Mark figures was caused mainly by the Porsche and Nixdorf issues — stock market plums such as do not appear very often. None the less, there is already a queue of new stock market candidates waiting in the wings, headed by Asko Deutsche Kaufhaus, the retail group, and Krones, a mechanical engineering concern.

Commerzbank is heading the consortium bringing Krones to the market later this month—the first time the bank has acted as a new issue leader.

Despite getting a bloody nose in one or two cases, PM set an example which weightier and more staid institutions are starting to follow. The old wisecrack that Germans will not put their cash in shares "because they can't abide an investment which goes up and down" is gradually losing its zest.

Norwegian shipping groups agree merger

By Fay Gjester in Oslo

THE BOARDS of Kosmos and Bergen Steamship (BDS), the Norwegian shipping groups, have agree dto merge in a deal worth around NKr 360m ($40m)—one of the largest in Norway's shipping industry.

Under the deal, which now goes for approval by shareholders of both companies, BDS shareholders will get 1½ Kosmos shares for each share they hold in BDS. Kosmos will maintain, and where possible expand, the activities now run by BDS; in addition it will set up a new offshore division in Bergen. All Bergen-based activities of the new, merged company will retain the BDS name.

The Blystad brothers—two Norwegians who recently acquired a majority stake in BDS—will reduce their holding to about 20 per cent, giving them about 1 per cent of the merged company.

Earnings ahead at DnC

By Our Oslo Correspondent

DEN NORSKE CREDITBANK (DnC), Norway's largest commercial bank, reports an increase in both operating profits and net interest income for the first eight months of this year.

Profits as a proportion of average total assets reached 1.76 per cent, better than in the same period last year but lower than for 1983 as a whole.

Operating profits in the eight months reached NKr 386.6m ($43.4m) against NKr 383.9m a year earlier—a 26.8 per cent rise. Net interest income rose by only 10.1 per cent to NKr 947.6m—3.52 per cent of average total assets, against 4.04 per cent in January-August 1983.

Christiania Bank, second of Norway's "big three" commercial banks, had a poorer profits performance than the other two in the opening eight months—partly because of its merger, from January 1, with the small, debt-burdened Fiskernes Bank. Profits as a proportion of average total assets were unchanged at only 1.61 per cent, while net interest income, as a proportion of average total assets declined to 3.52 per cent from 3.78 per cent.

UBS placement over-subscribed

By John Wicks in Zurich

AN international placement of bearer shares of Union Bank of Switzerland resulted in a substantial over-subscription, according to a bank communique.

The offering, arranged by the London-based Union of Switzerland (Securities) subsidiary, met with particularly strong demand from West Germany, the UK and Japan, and the initial placement was raised from 70,000 to 85,000 shares with an issue price of SwFr 3,400.

General Electric profits up 13% in third quarter

BY PAUL TAYLOR IN NEW YORK

GENERAL ELECTRIC, the diversified U.S. manufacturing group, has registered a 13 per cent increase in third quarter net earnings to $564m or $1.24 a share from $499m or $1.10 on sales of $6.72bn, up from $6.55bn in 1983.

Earnings at the nine-month stage total $1.62bn or $3.59 a share, against $1.45bn or $3.18. Last year on sales 3 per cent higher at $19.97bn, against $19.37bn.

After adjusting for the sale of Utah International and the housewares business earlier this year, GE said sales increased by 10 per cent in the third quarter and by 8 per cent in the nine months.

The earnings and sales gains were led by GE's services and materials, aircraft engines and consumer products groups which all posted "substantial" gains on comparable 1983 returns.

Mr John Welch, chairman, said: "Continuing solid improvements in earnings, coming on top of last year's strong performance, reflect tight cost controls, substantial reinvestment for productivity and future development, and earnings growth.

"Operating margin at 10.3 per cent of sales was up from last year's 9.9 per cent third quarter rate. Much improved earnings were achieved by aerospace and aircraft engine, reflecting strong defence markets, and by lighting where commercial and industrial markets remain strong."

Mr Welch added that other major positive earnings contributions were made by General Electric Financial Services, which is benefiting from improved yields and higher earning asset levels, and major appliances and plastics,

International investors acquire B&W

By Our Financial Staff

A GROUP of Danish and foreign investors has acquired at par value the DKr 80m ($7.15m) share capital of Burmeister & Wain shipyard from the company's court-appointed receiver.

The investor group includes Thyssen of West Germany and the M.A.N. group, which already controls B & W's diesel engine subsidiary. Other investors include several Danish investment and pension funds.

The B & W shipyard, together with the rest of the group, went into bankruptcy proceedings in 1981, though it has continued to operate and managed to turn a profit in each of the past two financial years. According to forecasts, it should stay in the black during 1984. In recent years it has specialised in production of 64,000 dwt Panamax type bulk carriers.

INTL. COMPANIES & FINANCE

Brierley bid for NZPAL cleared

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND'S Examiner of Commercial Practices has given the go-ahead for Brierley Investments to proceed with its NZ$33m bid for control of New Zealand Press Association Limited (NZPAL).

Brierley, the master company of Mr Ron Brierley's Australasian group, is currently the largest single shareholder, with 26.9 per cent, in NZPAL.

NZPAL was formed out of the New Zealand Press Association following the public flotation of Reuters. Its shareholders are the country's newspapers and its asset is the stake of just over 2 per cent held in the UK news agency.

At the same time as forming NZPAL, the shareholders of NZPA also established NZPA Services to run the news agency operations—again with newspapers as the shareholders.

The Brierley bid, via its 40 per cent owned associate New Zealand News, is bitterly opposed by most of the newspaper publishing companies in the country. Mr Michael Horton, a director of Wilson and Horton who publish New Zealand's largest circulation daily, the NZ Herald, described the bid as "threateningly insolent."

Other newspaper groups consider that the bid threatens the close links between the industry and Reuters, with Brierley possibly able to dictate the continuation of the agencies' service.

Terry Povey in London adds: It is clear that the attraction of NZPAL to Brierley Investments is the Reuters stake. The NZ$33m offer is some 25 per cent under the present market value of the New Zealand agencies' holding in the UK company and on this basis it is "unattractive," say brokers.

However, part of the agreement between the newspaper publishers who between them own both NZPAL and NZPA Services, was that the Reuters stake presently held—about a quarter of the original holding of 2.77 per cent was sold at the time of the flotation—would be retained until at least 1986.

This suggests that the real attraction of the Brierley bid is the offer of cash now instead of waiting for whatever 1986 has to offer.

Apart from the holdings of the three publishing majors, just over 30 per cent of the shares in both offshoots of NZPA are held by small companies and form all or most of their readily realisable assets. Brokers in Wellington consider that a number of these companies might be willing to accept the Brierley cash, although they discount the possibility that there will be enough sellers to enable the bidder to win control over NZPAL.

Earnings up 35% at Wattie Industries

By Our Wellington Correspondendent

NEW ZEALAND'S food conglomerate, Wattie Industries, has increased its net profit by 35 per cent to NZ$46.4m (U.S.$22.6m).

Wattie's share of earnings from associated companies, such as Goodmans and NZ Forest Products, provided a healthy NZ$21.8m. Watties' own half of Dominion Industries, which owns 24 per cent of NZFP, generated turnover of NZ$642.4m, up 11 per cent.

At its annual meeting in December, the directors will recommend a final dividend of 3.5 cents per share, making 14 cents or 28 per cent for the full year.

Following the takeover battles with Goodmans and then NZFP, which ended with each company having a substantial shareholding in the other, Wattie's financial returns and profits now receive substantial benefits from its investments.

Operating profits from the company's wide-ranging food producing, processing and distributing subsidiaries totalled NZ$55m, an increase of 20 per cent on last year. Tax took NZ$9.9m and depreciation NZ$14.9m.

There was a substantial increase in the company's total assets—up from NZ$442.6m to NZ$626.6m.

Barclays Bank helps set up Malaysian credit group

BY WONG SULONG IN KUALA LUMPUR

BARCLAYS BANK International of the UK has teamed up with United Motor Works, the major Malaysian heavy equipment and car distributor, to set up a credit company which will provide consumer financing facilities for motor vehicle purchasers.

The company, Unibex Kredit, has a paid-up capital of 5m ringgit (US$2.1m) in which Barclays holds 30 per cent.

UMW distributes Komatsu tractors and Toyota cars and commercial vehicles, and its annual turnover exceeds 1bn ringgit.

UMW has also been appointed by Heavy Industries Corporation of Malaysia to take up a 30 per cent stake in Eon, the company which has the sole franchise in distributing the Malaysian national car

● Mr Mat Shah Safuan, a fast-rising Malay property developer, has finally won control over a publicly listed vehicle through the purchase of a 51.8 per cent stake in Kesang, for almost 43m ringgit. He has reached agreement with Datuk Choo Ching Hwa, a prominent Chinese politician and businessman, for the purchase of 9.85m Kesang shares, representing 41.65 per cent of the company, for 34.47m ringgit or 3.5 ringgit a share.

Oriental Holdings reverse

BY OUR KUALA LUMPUR CORRESPONDENT

ORIENTAL HOLDINGS, the distributors of Honda cars in Malaysia, experienced a 22 per cent fall in operating profits to 29.6m ringgit (U.S.$12.7m) for the six months to June although turnover rose by 20 per cent to 261m ringgit.

The company said earnings were hit by the stronger Japanese yen, and keen competition in the market, particularly among Japanese car distributors, anxious to sell off as many cars as possible before the launching of the made-in Malaysia car next October.

Earlier, the other car distributors, Tan Chong (for Nissan Cars) and United Motor Works (Toyota cars) also reported slim profit margins on sales.

After tax and minority interests, profits at Oriental were 25 per cent lower at 16.2m ringgit.

The interim dividend is held at 17.5 cents a share

N. AMERICAN QUARTERLY RESULTS

AMERICAN NATURAL RESOURCES
Natural gas exploration and transmission

Third quarter	1984 $	1983 $
Revenue	703.7m	658.5m
Net profits	9.8m	18.8m
Net per share	0.26	0.51
Nine months		
Revenue	2.52bn	2.96bn
Net profits	137.4m	120.3m
Net per share	3.69	3.3

BANK OF NEW YORK
20th largest U.S. Bank

Third quarter	1984 $	1983 $
Net Profits	28.9m	23.9m
Net per share	1.57	1.51

CERTAINTEED
Building materials

Third quarter	1984 $	1983 $
Revenue	327m	289m
Net profits	5.7m	14.2m
Net per share	0.17	0.71

COLT INDUSTRIES
Automotive, Aerospace parts

Third quarter	1984 $	1983 $
Revenue	435.5m	391.7m
Net profits	30.3m	26.2m
Net per share	1.44	1.06
Nine months		
Revenue	1.4bn	1.16bn
Net profits	99.9m	68.6m
Net per share	4.39	2.79

E-SYSTEMS
Military and commercial electronics

Third quarter	1984 $	1983 $
Revenue	195.58m	208.95m
Net profits	14.46m	17.88m
Net per share	0.48	0.59

GANNETT
Newspapers and broadcasting

Third quarter	1984 $	1983 $
Revenue	473.23m	412.58m
Net profits	54.9m	46.13
Net per share	0.69	0.58

HILTON HOTELS
Luxury hotels in U.S.

Third quarter	1984 $	1983 $
Revenue	167.3m	165m
Net profits	24.3m	18m
Net per share	0.93	0.67
Nine months		
Revenue	504.9m	500.7m
Net profits	67.97m	60.7m
Net per share	2.56	2.26

REPUBLICBANK
Bank holding company

Third quarter	1984 $	1983 $
Net profits	38.4m	38.2m
Net per share	1.29*	1.36
Nine months		
Assets	21bn	17.7bn
Net profits	100.4m	114.9m
Net per share	3.41	4.09

* Increased preferred dividend requirements

Further lending to Argentina questioned

By William Hall in New York

MANY OF the smaller banks among the 320 international banks that have lent money to Argentina may be unwilling to put up "new" money as part of the planned Argentine rescue and are considering forgiving interest payments temporarily as a solution to the country's financial difficulties.

Keefe, Bruyette & Woods, the New York brokerage firm that specialises in bank stocks, says in its latest study of U.S. banks that banks would be "throwing good money after bad" if they put up new money as part of the planned rescue package which will be discussed in New York next week.

Other industry analysts confirm that apart from the top dozen banks in the U.S. there are serious differences of opinion within the U.S. banking community about the wisdom of lending any more money to Argentina at present.

The U.S. brokerage firm, whose views on the industry are generally widely respected, says it would make more sense for banks to forgive interest payments temporarily and place their Argentine loans on a non-accrual basis and keep outstanding balances constant.

The firm, which has recently sent analysts to Argentina to talk with U.S. regional banks as well as the money centre banks, says it is likely that some the regional banks will not provide new money as part of the planned $20bn rescue package under discussion if there is any evidence that:

● Public-sector Argentine loans are not restored to a full-accrual basis;

● There is no demonstrable improvement in Argentina's internal economy

● Argentine debt is classified as substandard by U.S. bank regulators.

The study says that if U.S. banks decided not to put up new money and put their Argentine loans on a non-accrual basis, the only banks that would face serious difficulty would be Crocker National (majority-owned by Midland Bank of the UK) and Manufacturers Hanover.

On an annualised basis the non-accrual of interest on Crocker's Argentine exposure would have the effect of reducing its 1983 earnings by 67.9 per cent and in the case of Manufacturers Hanover it would depress its 1983 earnings by 31.8 per cent.

Keefe Bruyette concludes that the "cessation of interest accrual on Argentine debt is not a material event for all but a handful of banks and even these few banks can readily contain the problem, albeit at the cost of disappointing profitability." Keefe says it assumed that no significant reserves would be required against Argentina over the next six to nine months.

PRE-TAX EARNINGS IMPACT (%)*	
Crocker	67.9
Continental Illinois	44.4
Manufacturers Hanover	31.8
Irving	24.1
First Wisconsin	18.9
Republic NY	18.7
Bank of Boston	15.7
J. P. Morgan	14.8
Chase	14.8
Bancal Tri-State	13.2
RepublicBank	13.0
Chemical	12.8

** Comparison of annualised impact of non-accrual of interest on total Argentine exposure to 1983 pre-tax earnings.*

Earnings at Perstorp up

By David Brown in Stockholm

PERSTORP, the Swedish chemicals company, has announced a 30 per cent rise in profits to SKr 325m ($37.3m) for the 12 months ending August helped by strong foreign sales.

Turnover climbed by 18 per cent to SKr 3.14bn. Costs rose at the same rate, yielding an operating result after depreciation of SKr 347m, up SKr 66m from the previous year.

The group has received a general dispensation from the Government's ban on higher dividends this year (part of an emergency anti-inflation package) and will pay a dividend of SKr 3.30, up 10 per cent. It also proposes a one-for-five bonus issue followed by a five-for-two split.

Alfa Laval profits drop

By Our Stockholm Correspondent

ALFA LAVAL, the Swedish farm equipment and process engineering group, reports a 33 per cent drop in earnings for the first eight months ending in August because of a declining market for almost all its industrial and agricultural products. The company forecasts that its full-year results will reach only half the SKr 807m ($92.6m) achieved in 1983.

Earnings before special adjustments and taxes fell to SKr 271m from the SKr 401m achieved last year. Sales were roughly level at SKr 5.2bn, but operating costs rose by almost 5 per cent, yielding an operating result after depreciation of SKr 289m

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UK COMPANY NEWS

Farnell climbs to £8.8m halfway

Farnell Electronics, an electronic component distributor and electronic equipment manufacturer, raised pre-tax progts from £6.96m to £8.75m in the half year to July 31, 1984, on turnover of £37.26m, against a restated £28.94m.

The result included other income of £0.4m (£0.6m). After tax of £4.08m, against £3.63m, net profits were ahead from £3.35m to £4.67m. Stated earnings per 5p share were 3.7p (5.4p), while the net interim dividend is effectively raised by a third to 0.8p (0.6p)—last year, a total equivalent to 1.5p was paid on £15.79m taxable profits.

The group's main distribution business has been affected by a shortage of semi-conductor devices which was apparent throughout the period, but now appears to be easing, the directors state.

The manufacturing division has been consolidating the "tremendous growth" which was made during the previous year, they say and the electronic wholesale side has been affected by the miners' dispute, but nevertheless has managed to increase its turnover during the period.

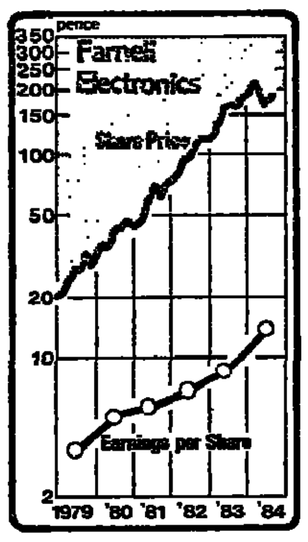
The building of a further warehouse and packing area for Farnell Electronic Components was started recently and the building of 45,000 sq ft should

A further plot of land has been be complete by spring next year. obtained adjacent to the site, to continue the expansion on that which will enable the company site for some years to come. The extensions and improvements at the factory in Wetherby are being fitted-out and the new factory which will house the company's printed circuit manufacturing facilities on the Boroughbridge site is expected to be completed in January.

Turnover for the corresponding period of 1983 has been restated in line with the change in accounting policies described in the last annual accounts.

Dividends for the half year absorb £998,000 (£747,000) leaving retained profits up from £2.6m to £3.67m.

In current cost terms, the retained balance was £3.29m (£2.4m) and earnings per share were shown at 3.4p (5p).



● comment

The market has been marking down electronics components manufacturers and suppliers in time with the signs of gradual deceleration in industry demand. Yesterday Farnell Electronic fell 9p to 176p, not so much because its results were a shade short of the highest expectations but more because the group hinted that demand was not what it was a year ago. That implies that group sales, which grew 40 per cent last year, may post perhaps a 30 per cent increase this year. This leaves the distribution business in a strong position since it is less exposed to cyclical influences than some competitors, because Farnell is a small-batch distributor rather than a bulk supplier. The manufacturing operations which suffered from the turmoil of reorganising a new factory in the first half should perform smoothly in the second, but demand is again a little less buoyant than a year ago. The group should beat £20m pre-tax this year, which on a 45 per cent tax charge puts the shares on a rating of over 20. At this level they will, no doubt, continue to underperform the market but should be one of the more resilient members of their sector.

GUS sells major stake in Empire Stores

Great Universal Stores, the Burberrys, Hector Powe and credit sales group, has sold a major part of its 29.9 per cent holding in Empire Stores (Bradford) three months inside the deadline set almost two years ago by the Office of Fair Trading.

The stores group now has 12.7 per cent and disclosed yesterday that it had sold 5.04m shares from its holding to Vendex, formerly known as Vroom en Dreesman, the largest specialist retail group in the Netherlands. The Dutch company paid 97p each for the shares which contrasts wit GUS's average buying price of 110p.

Empire agreed a bid, then worth the equivalent of £37m, with GUS in April 1982 but on the basis that a combination of the bidder's British Mail Order Corporation and Empire's own catalogue mail order interests would have amounted to a 46 per cent stake in the British mail order industry, the offer was referred to the Monopolies Commission and then blocked.

It was a condition of that Monopolies Commission's verdict that GUS should divest to under 10 per cent by January 1985 and should not, in the meantime, vote more than a 10 per cent interest. GUS has not quite reduced to the required level but Mr Harold Bowman, a director of GUS, said yesterday he was certain that the terms of the divestment would be "satisfactory to the Office of Fair Trading and the Secretary of State."

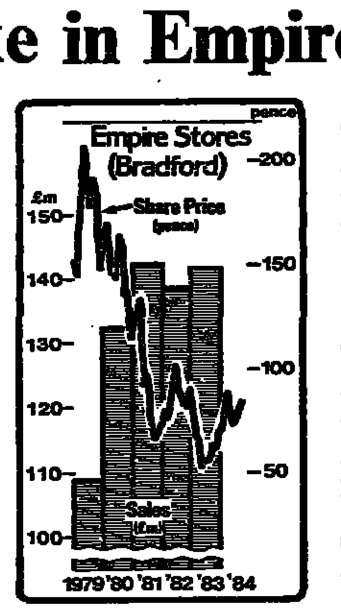
GUS has been adamant for much of the intervening months that it should not be forced to sell shares at a capital loss but the group finally decided to write down its Empire holding in its last accounts and the declared disposal price showed a "good increase" over the figure now in the books, Mr Bowman said.

Mr John Gratwick, chairman of Empire, said yesterday that he did not feel that Vendex would mount a bid. "They have minority stakes in a lot of companies. I am very pleased this share stake has gone into the hands of Vroom en Dreesman," he said.

The Netherlands company is not the first to show interest in Empire since GUS was blocked. Sears Holdings, the Selfridges and British Shoe Corporation group, proposed a merger, valued at 80p per Empire share, in a simultaneous link with Grattan, a rival mail order house.

That proposal was finally rejected by Empire, although agreed by Grattan, but two connected private Italian companies, Gecos and Selefin have since acquired shares and now account for an aggregate holding of 20 per cent in Empire.

● Mr Gratwick reports that Empire Stores continued its improvement during the 28 weeks ended August 11 1984 and turned round from losses of £666,000 to profits of £771,000 for the period.



He tells shareholders that there will be a further improvement in the results for the full year and meanwhile, is restoring interim dividends with a net payment of 0.5p.

Since the issue of the autumn/winter catalogue demand has been disappointing. However, there has been some recovery over the last few weeks

For the 1983-84 year as a whole the group swung from losses of £1.13m to profits of £1.52m.

● comment

The half time figures from Empire must rate somewhere between unexciting to disappointing but what stirred the shares into action, closing the day 6p up at 92p after an earlier setback, was the news that GUS had unloaded a large part of its Empire holding to a Dutch retail group, Vendex International. The initial reaction was that a bid might follow and yet that seems to be the least likely outcome to yesterday's news. The Dutch company has minority shareholdings in retailers as far flung as Japan to Brazil and while it has a small mail order business of its own the Dutchmen are unlikely to have sufficient expertise to make more of the Bradford company, either through some joint venture or an outright takeover. Anyway with significant Empire shareholders now in Holland and Italy as well as at GUS, putting together a bid with any hope of success looks hellishly complicated. Meantime the trading performance of Empire hardly justifies the rating. The latest catalogue sounds like a bit of a disaster and profit expectations must be trimmed to £3m to to £3.5m for the year. While there are nagging doubts as to Empire's ability to compete with the giants of the industry a p/e of 17.3 (on £3m) looks far too high.

Engineering setback at Steel Brothers

A FALL in taxable profits from £5.61m to £5.51m was suffered by Steel Brothers Holdings over the first six months of 1984 on turnover ahead by nearly £5m to £57.91m.

The company, which is engaged in construction, foodstuffs and manufacturing, says that reduced contributions of £94,000, against £225,000, and general trading, down from £194,000 to £23,000, offset "marked improvements" by North American-based businesses.

The directors say that operations on the other side of the Atlantic experienced better market conditions and at the same time reduced borrowing costs.

Food and catering activities, which returned £3.72m compared with £3.69m, held their own in regions affected by the slowdown in economies as a result of the international oil supply position.

An unchanged interim dividend of 4p has been declared. Last year's final payment was 9p, paid from taxable profits of £11.06m.

First half profits were struck after lower interest payable of £826,000, against £1.09m, and a higher depreciation charge of £2.06m compared with £1.94m, and included investment and other income of £191,000 £494,000).

Net profits for the period came out at £3.6m (£3.88m) after tax payable of £1.91m (£1.73m).

Looking ahead, the directors say the gradual improvement in the market in operation areas in North America has continued, and food and catering activities are maintaining growth and have obtained new catering contracts both at home and overseas.

● comment

Steel's stock may be closely held but the fact that its shares are trading at an all-time high of 465p at a time when profits and dividends are level pegging is a measure of the company's quality of earnings, solid asset backing and strong balance sheet. Clearly, shareholders are looking beyond this year's figures, which are being inhibited by several factors outside its control. In the first place, the Spinneys food and catering activities, the backbone of the group with a deep commitment to the Middle East, is being constrained by the lower oil revenues in the area. Elsewhere, lime production is still suffering from the recession in Canada while parts of the engineering division have been hit by the miners' strike. So, the short term will hold no improvement but once these problems resolve themselves Steel is obviously well placed to resume its former growth pace. Assuming same-again profits this year and a tax charge of 33 per cent, this puts the shares on prospective multiple of 9, a prospective multiple of nine, a rating which does not do justice to the longer-term prospects.

Reorganised TDS Circuits makes £1.26m

TDS Circuits, one of the largest independent European manufacturers of high technology printed circuit boards, has returned pre-tax profits of £1.26m for the six months to August 31 1984.

The company, which came to the Unlisted Securities Market in July this year, made profits of £583,000 for the corresponding period of 1983, but the figures are not representative due to the major expansion and reorganisation carried out during that time.

Stated net earnings of 14.3p per 5p share are based on a weighted average of the 6.6m shares in issues to July 11, 1984, and the 7m in issue from that date.

The directors are paying a 2p interim divident—as forecast in the July offer for sale. They expect to pay a total of 4.9p for the year.

Photo-Me Intl. surges to a record £4.5m

Profits before tax of Photo-Me International rose by £1.16m to a record £4.51m over the 12 months ended April 30, 1984 with figures for the second half improving from last time's £1.54m to £2.31m.

Turnover reached £41.32m (£33.77m), including VAT and sales taxes of £3.56m (£3.05m).

A final dividend of 6.3p *effectively lifts the total* from 7.875p to 9.45p net per 50p share.

Expansion of group operations is cotinuing with new capital investment of £3.6m. Barring unforeseen circumstances, profits for the current year will be at least comparable to those of 1983/84.

'Satisfactory' results at Clive Discount

The directors of Clive Discount Holdings, discount house, say results have been satisfactory in the first six months of the current year ending March 31. 1985.

Rates during the period rose from 8.5 per cent to 12 per cent and have subsequently fallen to 10.5 per cent creating very volatile markets, they report.

The net interim dividend is unchanged at 1.4p per 20p share—last year's total was 3.6p

Telephone Rentals ahead but warns of slowdown

Telephone Rentals, communications group, raised pre-tax profits by some 6 per cent from a restated £6.37m to £6.76m for the first half of 1984, with a major part of the improvement coming from its overseas companies. But for the year as a whole, the board warns that the result will not be materially different from 1983.

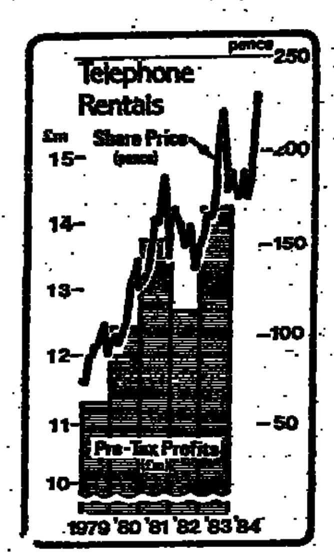
Full year earnings per 25p from a lower tax charge. Mid-term earnings were up from 5.75p to 6.51p, after reduced tax of £1.67m, against £1.89m. The lower charge was as a result of the higher level of rental installations and the cut in the rate of UK tax contained in the Finance Act 1984.

Comparative figures have been amended to reflect variations in foreign exchange rates during that year.

The interim dividend is stepped up from 2p to 2.25p net—last year, a total of 5.75p was paid on £14.22m (£12.73m) pre-tax profits.

Turnover for the six months increased from £26.86m to £34.95m, comprising £17.74m (£16.05m) rental and £17.21m (£10.82m) sale.

UK profits for the period included completion of a number of large scale orders carried over from 1983 when margins were under pressure from British Telecom's pricing policies.



The liberalisation programme is moving more slowly than anticipated and there are still major areas of the telephone market where the company has not been able to compete.

In addition, the increased cost incurred in the company's sales and engineering departments to meet the new markets have not yet been balanced by the level of orders secured.

By the beginning of 1985, it is expected that further significant products will be available to the group to improve this situation.

Depreciation charged for the half year was up from £3.95m to £4.67m.

● comment

Followers of the revolution in telecommunications will recognise those figures from Telephone Rentals as another example of jam tomorrow. The 18p slump in the shares to 212p is the reflection of patience unrewarded, but might be unjustified for all that. One result of liberalisation has evidently been that British Telecom has been flinging its weight around, as a buyer of both branded and own-label PABXs in particular. But the pressure must surely ease in the long run and Telephone Rentals is in addition over the hump in terms of development costs. On a conservative assumption of unchanged full year profits, the shares on a 25 per cent tax charge are on a prospective multiple of 15½. This can be justified on the grounds that someone has to win from the changes in the telecommunications market. As an established supplier, TR is a strong candidate—either on its own or, *failing that*, in the hands of someone else.

Harvard coming to OTC market

BY WILLIAM DAWKINS

MICHAEL BARRATT, the former Nationwide television presenter, enjoined investors yesterday to put up £2.1m for Harvard Securities, the licensed securities dealer.

Mr Barratt was the centrepiece of a slick presentation, accompanied by video and electronic music, to announce Harvard's forthcoming quotation on the over-the- counter market.

Harvard will be the third licensed dealer to have its equity quoted on the OTC. It is offering for subscription 5m new shares—20 per cent of the total—at 42p each. The offer, which capitalises Harvard at £12.6m, aims to raise £1.9m net of expenses for the company. None of the directors, who will end up with 70 per cent of the equity, are selling shares.

Four licensed dealers will make a market in Harvard's shares: Afcor Investments, Baynard Securities, N. K. Cosgrove and Company and Prior Harwin Securities. They deal in shares both as agents and principals, unlike members of the Stock Exchange operating on a single capacity basis.

Harvard estimates that taxable profits in the year to last September rose from £890,000 to £1.25m, putting the offer price on an earnings multiple of 10.4 after a 19 per cent tax charge.

The group claims to be the biggest licensed dealer in the UK and makes a market in 72 stocks, including 19 shares quoted on the Unlisted Securties Market. Over the past three years, it has sponsored 23 issues, which have raised a total of £18.8m.

Mr Ian Wilmot, the chairman, says the offer money will be used to enlarge its market making activities and acquire equity stakes in companies too small to join the OTC.

The prospectus warns that Harvard's growth depends, among other things, on the continuing services of Mr Wilmot, on whose life it has taken out insurance for £1.5m.

John Maunders advances 67%

John Maunders Construction, housebuilder and estate *developer, raised pre-tax profits* by 67 per cent from £0.97m to £1.62m in the year to June 30, 1984 and return on turnover was up from 9.4 per cent to 10.8 per cent.

Turnover rose from £10.3m to £15m—an increase of over 45 per cent, and completion of new house sales advanced by 27 per cent on the previous year. These figures are a record for the group, which at the interim stage reported pre-tax profits almost doubled at £710,000 £374,000).

Mr John Maunders, the chairman, says that with sales currently ahead of last year, the group looks forward to continued growth and profitability.

As foreshadowed, a final dividend of 2p net makes a total payment of 4p (0.93p) per 20p share, compared with the 3.5p total indicated in the prospectus last June. Earnings per share improved from 16.7p to 17.1p.

Last year, Mr Maunders indicated that the principal aims would be the further expansion of the group, the continued acquisition of prime building land, the achievement of a completions target of over 600 units and a presence in the south of England. He now reports that these objectives have been accomplished. The group aims to complete 650 units in the current year.

Maunders Homes (South West), with offices in Weston-super-Mare, is currently investigating several prime building sites. In addition, the subsidiary, Haven Retirement Homes has made excelent progress and will shortly be marketing luxury retirement apartments within the group's area of operations.

Operating profits climbed from £1.15m to £1.83m, before investment income of £72,000 (£55,000) and interest payable up from £237,000 to £288,000. Tax took £598,000 (£216,000) leaving an attributable balance of £1.02m, against £752,000. Dividends absorb £239,000 (£14,000).

● comment

John Maunders has had a tough time convincing the market of its virtues since its spectacular debut last year when it was 51-times-oversubscribed. The shares, which have spent much of their time near the 98p issue price, yesterday rose just 3p to 118p on pre-tax profits which beat estimates by about £200,000. The market is, of course, concerned by the well-publicised difficulties of Barratt, the sector leader, and the fact that the peak in this construction cycle is well past. But there are strong arguments in favour of paying closer attention to the individual virtues of the likes of John Maunders, although it remains a family-controlled company. The group knows its North-West stamping ground well and it is cautiously studying the lie of the land in the South-West. Moreover, margins are being improved by expanding at the top the range into £50,000-plus homes: detached houses which two years ago were 9 per cent of the total built will this year be 38 per cent. The shares then seem undervalued—assuming profits for the current year of about £2m pre-tax and a 40 per cent tax charge, the multiple is under six.

Westwood restructures capital

MR JEFFREY RUBINS, a former stockbroker who oversaw a turnround as chairman of Prestwich Parker Holdings, is to become non-executive chairman of Westwood Dawes and inject funds as part of a wholesale capital reorganisation.

Westwood, a loss-making manufacturer of rollers and pulleys for conveyor belts and based in Stourbridge, is raising £393,750 through a rights issue, a share placing and the purchase by Mr Rubins of a 29.5 per cent stake through subscription to new shares.

Mr Roger Allsop, a Westwood director who introduced Mr Rubins to the company, said the new capital would reduce the company's debts and enable it to expand both inside and outside its existing business.

Westwood did not say what new areas it was targeting. Under Mr Rubins' chairmanship, Prestwich acquired an optical group in 1983 and this year bought Palan Entertainment, a company selling media rights for cinema, video and television. Palan's owner, Mr Paul Levinson, then became Prestwich's chairman.

Westwood, which has made a loss every year since 1980, this year closed a division making conveyor equipment for the quarrying industry in order to concentrate on the roller and pulley business, much of which comes from replacement of parts in existing belt systems. Its payroll dropped from about 130 people to 47.

In the reorganisation, the par value of Westwood's shares will be halved to 12½p. Mr Rubins and associates will subscribe to 1.3m new shares at par, giving them 29.5 per cent of the enlarged capital.

Bell Houldsworth, a Manchester stockbroking firm with which Mr Rubins was formerly associated, will place 590,000 new shares at their nominal price. Existing shareholders will be asked to buy one new 12½p share at par for each of the 1.26m shares they currently hold.

Yesterday, the price of Westwood's existing 25p par-value shares rose 6p to 27p.

Mr Allsop said their would be no tie-up with any of the subsidiaries of Prestwich, and that Mr Jeremy Westwood, now chairman, and his son Simon would remain as directors.

The capital reorganisation is conditional upon the Takeover Panel not requiring Mr Rubins to make a full bid, and on the results of an accountants' inspection of Westwood's finances.

Druck advances to £1.4m and order book up 50%

Druck Holdings achieved a 32 per cent increase in full year taxable profits from £1.04m to £1.36m on higher turnover of £5.76m compared with £4.23m. Current group orders are running 50 per cent ahead of last year.

Shareholders of this USM stock, which is a holding company with interests in electronic pressure devices, are being rewarded with a higher recommended final dividend of 1.7p (1.5p), lifting the total payout to 3p (2.6p).

Mr John Salmon, group chairman, says that an expected percentage increase in export sales materialised and there were further benefits from growth in the U.S. economy and the strength of the dollar.

Over the 12 months to end-June 1984, overseas turnover increased from £1.7m to £2.9m, accounting for over half of total sales for the first time since the early years of the company.

General business in the UK increased "rather more" than an indicated 14 per cent as, Mr Salmon points out, the previous year included a large Ministry of Defence order.

Druck Incorporated made the most significant contribution to export sales with its turnover doubling to $1.4m (£1.1m). The French subsidiary, Parametres, also showed a "substantial increase' in sales of Druck products.

Mr Salmon says that the company had to once again reorganise and expand its resources to cope with increased demand on all departments. A refurbishment of a new 5,000 sq ft production area for the final manufacturing stages of pressure transducers was completed.

Roberts Adlard profits lower at £475,000

Although turnover of Roberts, Adlard, builders' merchants and roofing contractor, rose from £8.55m to £9.15m in the half year to June 30, 1984, pre-tax profits were lower at £475,000, against £513,000.

Trading activity in the second half continues at a satisfactory level, but it is unlikely that last year's record £1.19m profits will be achieved.

After tax of £210,000 (£215,000) earnings per 25p share were down from 6.21p to 5.52p. The net interim dividend is held at 2p, costing £96,000 (same)—last year's final was 4p.

UK COMPANY NEWS

MINING NEWS

W. Mining aids BP with Olympic Dam study cost

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S Western Mining has agreed to provide some A$40m (£27.2m) of the sharply increased cost of the feasibility study for the huge Olympic Dam copper-uranium-gold project in South Australia in which the company holds 51 per cent and British Petroleum has the remaining 49 per cent.

Originally, BP was to provide the full estimated cost of A$50m (in 1978 dollars) for the pre-commitment study, but the cost has now escalated to about A$150m. In view of this Western Mining is to provide 51 per cent (A$40m) of the funds required in excess of A$71.5m.

Western Mining discovered the Olympic Dam deposit at Roxby Downs in 1976 and BP was given the 49 per cent stake in return for ensuring that funds were available to bring the mine and plant to production up to an annual capacity of 150,000 tonnes of copper and associated products. That commitment remains unchanged.

What remains to be known is just how much money will be required to reach this stage, likely financing having been unofficially put at something over A$1.7bn.

The mammoth deposit was estimated last year to hold a probable 450m tonnes of ore grading an average 2.5 per cent copper plus 0.8 kg uranium oxide, 0.6 grammes gold and 6 grammes silver per tonne. The eventual total of mineralisation is expected to be far higher.

If the feasibility study comes up with the right answers mine and plant construction could be completed by 1990. However, in view of the depressed markets for copper and uranium it is far from certain whether Olympic Dam will right away proceed to full capacity operations after completion of the construction phase.

While much must depend on market conditions at the time, it is possible that operations at a rate yet to be determined will be concentrated on the parts of the property where higher than average gold grades are known to exist.

This is suggested by the disclosure in Western Mining's annual report for the year to June 19 that towards the end of the period some of the underground development work "was in areas where higher gold values were intersected during earlier surface drilling."

Meanwhile, Western Mining, which is Australia's largest producer of gold as well as being in the world nickel league, lifted group gold output by 19 per cent in the past year and is now reaping benefits of the start-up this year of the Etawell joint gold venture in Victoria.

The company should thus earn more from gold in 1984-85, but nickel prospects are less bright. Mr Arvi Parbo, the chairman, points out that nickel prices remain depressel despite indications that 1984 "will be the second or third highest year of demand ever.'

At 214p to show a dividend yield of only 1 per cent the shares, as ever, seem quite high enough. But they maintain a faithful following of long-term investors, especially those Down-Under.

MINING NEWS IN BRIEF

Australia's North Broken Hill Holdings looks for better results in the current year to next June given a continued improvement in economic conditions.

Consolidated net profit for 1983-84 was 2.9 per cent down at A$31.3m (£21.2m) but there was also an extraordinary loss of A$64.8m which largely reflected a write-down of goodwill on the acquisition of EZ Industries. The dividend total was raised to 9 cents from 8 cents.

* * *

The 1,160 black workers at the Gencor group's Marievale gold mine in South Africa who failed to report for the work earlier this week have now returned. A workers' delegation told the management on Monday that it was dissatisfied over pay. A Gencor spokesman said that the matter is now under investigation.

* * *

Mr Francis Kaunda, chairman of Zambia Consolidated Copper Mines (ZCCM), has been stressing the need for Zambia to diversify its economy away from copper against the day—still many years off—when the great mines of the Copperbelt decline.

Meanwhile, ZCCM has started an ambitious agricultural project. It is intended to grow wheat on 5,000 hectares under irrigation in winter and soya beans in summer. A further 7,000 hectares will be given over to other crops and ranching will be carried out on another 7,000 hectares.

* * *

A first quarter's gold production of 6,198 oz has been obtained from the revived operations at the old Sons of Gwalia mine near Leonora in Western Australia. The plan is now on a quarterly production basis of around 9,000 oz.

Total ore reserves to a depth of 60 metres amount to 1.7m tonnes grading an average 3.67g gold per tonne. In addition, there are probable reserves of 496,000 tonnes averaging 4g to a depth of 100 metres.

* * *

Encouraging drilling results are reported by Canada's Erickson Gold Mines from the Mount Skukum gold prospect near Whitehorse, Yukon. In one zone ore reserves of 165,000 tons have been outlined, grading a good 0.73 ounces (22.7 grammes) gold and 0.63 oz silver per ton.

Drilling in another zone has indicated "significant" gold values over a strike length (lateral direction) of 2,300 ft which included 6.2 ft of core assaying 0.97 oz gold and 1.71 oz silver.

The deposit was discovered by AGIP Canada and Erickson has the right to develop it and earn an interest of 45 per cent.

Peat Marwick income up 8%

Peat Marwick International, which in 1983 was toppled from the number one position by Arthur Andersen as the world's largest firm of chartered accountants, increased fee income by 8.8 per cent to $1.34bn in the year to June 1984.

Peat's annual review published yesterday reveals that chargeable hours rose by 4.9 per cent to 31m PMI now has 2,340 partners and a total personnel of 27,800. As usual, the firm gives no indication of the profitability of the firm.

Price Waterhouse and Deloitte Haskins and Sells if they proceed with the merger of the two firms will have a combined fee income of just over $2bn worldwide with 54,000 personnel.

Peat yesterday officially announced that it was not in merger discussions with another firm.

At a time when the accountancy profession is coming under increasing scrutiny from regulatory authorities, Peat Marwick conducted a survey to see how the accountancy profession is perceived in the U.S.

Auditors ranged highest in terms of ethics and integrity when compared with other professions including doctors, lawyers and bankers, according to the survey.

Larry Horner has been elected chairman and chief executive officer of Peat Marwick Mitchell in the U.S. taking over from Thomas Holton who will continue until October 1985 as chairman of PMI. Robert Beecher takes over from Donald Sloane as deputy chairman and chief operating officer.

The refurbishment, the chairman says, has enabled Druck to initiate a streamlining programme of silicon processing and basic sensor production.

Tax for the year absorbed £618,000 (£373,000), leaving net profits of £746,000 (£864,000). There were minorities of £15,000 and extraordinary debits of £398,000, being deferred tax provision this time.

The reduced profits were due mainly to a decline in the contribution from roofing activities and the financing costs of the expansion of the group's business, including the Adlard Latham joint venture.

COMPANY NEWS IN BRIEF

Yearling bonds totalling £11.75m at 10⅞ per cent, redeemable on October 16 1985, have been issued by the following local authorities:

Greater Manchester Passenger Transport Executive £0.5m; Hackney (London Borough of) £1.5m; West Dorset District Council £0.5m; Wycombe DC £1.0m; West Oxfordshire DC £0.25m; Hammersmith and Fulham (London Borough of) £1.25m; Hillingdon (London Borough of) £1m; Dudley Metropolitan Borough Council £1m; Hereford City Council £0.5m; Merseyside County Council £1m; Newark DC £0.5m; Cleveland CC £0.5m; Eastbourne BC £0.25m; Sheffield (City of) £1.25m; South Derbyshire DC £0.5m; Tamworth (Borough of) £0.25m.

* * *

Pre-tax profits at the Hammerson Property Investment and Development Corporation rose substantially from £11.59m to £15.39m in the six months to June 30 1984.

After tax of £5.1m (£3.77m) on ordinary activities, and minorities of £416,000 (£320,000), attributable profits came out at £9.87m against £7.5m. There was an extraordinary surplus of £1.87m (£352,000). Stated earnings per 25p share were higher at 6.75p (5.52p).

The interim dividend is effectively raised from 1.5p to 2p—last year's adjusted total was 7.5p.

* * *

Although its umbrella sales were affected by the dry weather and sales of workwear virtually ceased from March owing to the miners' dispute Lawtex saw its pre-tax profits rise over the year to end-June 1984 from £43,000 to £184,000.

A final divedend of 0.75p gives shareholders a total of 1.5p net per 25p share—they went without dividends in the preceding two years.

* * *

Reduced pre-tax losses, down from £345,000 to £180,000 are reported by James Ferguson Holdings, formerly Shaw & Marvin, for the year to March 31 1984. This Bradford-based merceriser, dyer and manufacturer of knitwear, suffered a severe drop in turnover, which was down from £1.38m to £607,000. No dividend is again payable.

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Attributable group profits for the year to end-June 1984 at English Property Corporation, rose from £3.7m to £9.5m after all charges, boosted by a tax credit of £2.9m. There was a tax debit last time of £1.9m.

This property investment and development company is paying a final 12.898p dividend, the year's total, against a total last year of 7.57p. There was no interim paid.

Basic earnings per 50p share were shown up at 9.3p against 3.5p, and fully diluted at 8p against 3.5p.

* * *

The Steel Burrill Jones Group, which came to the Unlisted Securities Market in May this year, has returned taxable profits for the six months to end-June 1984 of £884,000, an 88 per cent increase over the corresponding £470,000 figure.

Earnings per 10p share were shown up at 5p against 2.2p, and the directors are paying an interim 1.5p dividend as forecast. A final 3.4p dividend is forecast for May 1985.

* * *

Results at City of Aberdeen Land Association for the year to June 30 1984 show a marked improvement compared with previous years, say the directors. Pre-tax profits rose from £1.35m to £1.76m, and the total dividend is raised from 14.5p to 16.5p net with a final of 12.25p. A one-for-10 scrip issue is proposed.

* * *

For the half year to end-July 1984, net asset value per 25p share fell from 78.9p, adjusted at January 31 1984 to 71.8p, at English and Scottish Investors.

Basic earnings per share of this investment trust were stated at 0.635p against an adjusted 0.525p.

Net revenue before tax was up from £689,000 ot £788,000, while tax took an increased £264,000 (£255,000).

* * *

Mr R. L. Teare is the chairman of R. Cartwright (Holdings). The name of the former chairman Mr J. C. Northam, who has retired, was inadvertently used in a report in yesterday's edition.

* * *

Improved pre-tax profits of £131,000 against £60,000 have been shown by Yorkgreen Investments for the six months to the end of April 1984. Turnover of this USM-quoted advertising contractor, amounted to £1.07m against £1.18m.

The net interim dividend has been held at 0.2287p, and earnings per 10p share are shown as moving up from 0.93p to 1.18p. In the last full year a total of 1.4p was paid.

Trading conditions remained difficult for the subsidiary, Interlite Linear Controls which reached the half year at a break even position (£74,401 profit). Interim results included an £11,298 loss on Rent-a-Space, reflecting start-up costs for the company.

The group's established contract advertising companies Stilwell Darby and Co and Stamfast traded satisfactoril.

* * *

Pre-tax profits of F. W. Thorpe, maker of lighting equipment, improved from £0.92m to £1.04m in the year to June 30, 1984, on turnover £0.15m higher at £6.21m. Exports, however, slipped from £1.27m to £1.21m.

The dividend total is stepped up from 3p to 3.45p net, with a final of 2.15p. Earnings per 10p share rose from 16.3p to 19.33p. Tax took £445,000 (£420,000) and there was also an extraordinary item this time of £235,000 in respect of deferred tax.

* * *

Chepstow Racecourse increased its taxable profits for the half year to June 30 1984 from £499 to £11,065, which included £4,732 from the sale of investments.

There was an improvement in turnover, from £299,000 to £341,000, and earnings per 25p share were shown as 1.71p, compared with 0.07p. As usual there is no interim dividend.

Tax took a higher £3,320 (£200), leaving attributable profits up from £289 to £7,745.

* * *

After taking depreciation into account in its interim results for the first time Prince of Wales Hotels swung from a restated loss of £16,000 to pre-tax profits of £24,000 in the half year to July 4 1984.

Most of the group's turnover arises in the second half and as all the hotels traded well during the summer prospects for this period are "excellent."

The net interim dividend is effectively held at 0.5p from earnings of 0.2p (0.15p losses). Turnover rose to £6.68m (£5.32m). There were extraordinary debits of £386,000 (nil). These comprised compensation for loss of office paid to certain directors and costs relating to the abortive acquisition of St Georges Hotel.

Discussions are continuing regarding an approach to the company which could lead to a bid.

BIDS AND DEALS

Attwoods in £17.7m rights to fund U.S. acquisition

BY RAY MAUGHAN

Attwoods, the waste disposal group headed by British Car Auctions chairman, Mr David Wickens, is proopsing to pay the equivalent of a maximum of $24m (£19.2m) for Industrial Waste Service Inc (IWSI), which is one of the leading companies of its kind in Florida.

At the same time, Attwoods is to fund the bulk of the deferred consideration with a heavy rights issue, on a two-for-one basis which will raise £17.7m at 80p per new share. The issue has been underwritten by Robert Fleming and distribution is being carried out by brokers Rowe & Pitman and Anderson & Co.

Attwoods, formerly a Wolverhampton-based vehicle distribution group also disclosed that its profits for the year to July 31 rose from £1m to £1.7m, giving earnings of 7.71p per share, against 4.46p, from which it is paying total dividends of 3.5p against 2.33p per share.

ISWI has seen profits fall from $2.37m to $1.35m between 1982 and 1983 and blames the shortfall on the cost, taken through the P & L account of expansion and capital investment involved largely with a major contract in Daytona City. In the seven months to July 31 this summer, profits reached $1.81m.

On a pro-forma basis, Attwoods is looking at a balance sheet which shows net worth of £11.9m, goodwill of £6.82m, short-term creditors of £9.22m and longer-term creditors of £23.2m (including some £9m of the deferred consideration).

The reason for this major acquisition, Attwoods explained yesterday, is the restrictions imposed on its Drinkwater Sabey UK operating company in "the successful acquisition of businesses by the very high prices currently being offered by Attwood's competitors, which it believes are not justified in current conditions."

IWSI's business is based in waste disposal and disposal services — not toxic waste — for commercial and residential customers, in what it calls "five strategic locations" in south and central Florida.

The industry has hitherto been highly fragmented by increasing sophistication, accompanied by more complex and expensive vehicles, which is beginning to lead to a greater concentration of market power.

● comment

The ambitious deal Attwoods has struck in America's most easternly sunshine state totally transforms the shape and prospects of the business. The sheer scale of the cash call does little to bolster a balance sheet which, in year one, can only be described as stretched. Need that matter? The empirical answer is probably not given the outlook for expansion in a fragmented, hot, Florida market. IWSI almost came to market on a $40m ticket last year although the scare surrounding Agent Orange forced the vendors to withdraw, quite unnecessarily, given the group's repeated insistence that it never handles toxic waste. And it may be worth noting that the leading company in the market, Waste Management, is buying number three in the league, SCA Services, on a reported exist multiple of 23. Finally, a sizeable chunk of the ISWI consideration is deferred and by the time Attwoods is paying the final tranches, the bulls of this deal are anticipating a p/e of about 7 for 1985-86. The quote is restored just after Guy Fawkes day, given the required consents, and the expectation must be that Attwoods has signited something more explosive than a damp squib.

Reckitt persisting with Kiwi bid

BY TERRY POVEY

Reckitt & Colman is persisting with its £228m bid for Australia's Nicholas Kiwi said Sir Michael Colman, Reckitt's finance director, yesterday.

The UK cleaning products, pharmaceuticals and food group apparently believe that once fuller details are known of the counter-bid from U.S. major Consolidated Foods Corporation (CFC), Kiwi shareholders might rethink their position.

Last week CFC made a complex cash plus paper bid for Kiwi which both companies valued at A$4 a share. The Reckitt offer is a straight cash bid of A$4.60 a share—which the UK company has so far refused to increase.

However, according to Sir Michael the CFC bid contains a number of elements on which the valuation placed is uncertain or difficult to support. "Once fuller details are known it may undermine support for the CFC bid from Kiwi's main shareholders," he said.

Brokers consider that unless Reckitt is prepared to increase its offer there is little hope of stopping the deal with CFC going through. "At present Reckitt are not even considering buying into Kiwi on the market to test their offer—surely the least they can do if they are to be taken seriously," commented one.

Although Sir Michael feels there is increasing scepticism on the market about the CFC bid, few see much chance that Kiwi's main shareholders—45 per cent of the company is held by the Nicholas, Ramsay and Wickens family interests — will abadon such a carefully crafted deal that gives them a good cash return and leaves their management in place.

Board shake-up at Yelverton

BY ALEXANDER NICOLL

Gulf Trust and Credit, a Panama-based group backed by Middle Eastern investors, yesterday assumed management control of Yelverton Investments after acquiring a 20.1 per cent stake.

This follows months of shuffling of share stakes in Yelverton, culminating in Gulf Trust's recent entry through the acquisition of a 19.6 per cent holding which was supplemented with a small additional purchase.

Mr Simon Watson, chief executive of Gulf Trust's London subsidiary, was appointed managing director yesterday in place of Count Jan Badeni, who remains a director. Mr Peter Greaves resigned as a director and as company secretary.

The changes mean that interests linked with financier Mr Jim Slater are no longer involved with Yelverton, Mr Watson said.

Gulf Trust has many investments around the world, and the holding in Yelverton, Mr Watson said, "provides an interesting place to put some of these transactions. The idea is to build it up into something that is meaningful."

Yelverton's best-known investment is a stake of just over 20 per cent in Southend Stadium, a listed company which operates a greyhound track but has also been negotiating the development of its site.

Mr Slater, who has been a smal shareholder in Yelverton, recently sold a 5.9 per cent stake in Southend Stadium to Yelverton. Count Badeni and Mr Greaves are both directors of Southend Stadium.

At Yelverton, Mr Geoffrey Hall, a stockbroker, will remain chairman. Mr Manjit Sahni has been appointed company secretary and chief financial officer in place of Mr Greaves.

Yesterday, Yelverton shares rose 2p from their year's low of 30p—compared with a year's high of 61p—and Southend Stadium rose 1p to 51p.

Racal warns of possible fall in Chubb share price

BY CHARLES BATCHELOR

Racal Electronics, the communications and defence technology group, yesterday warned shareholders of Chubb, the security group, that their shares could fall to 200p or lower if they did not accept Racal's 228p per share bid.

Racal compared the capital value of a £1,000 investment in both companies in 1975 with its value ahead of the offer. Racal's shares would have been worth £18,600 compared with Chubb's value of £2,700, Racal said.

A £1,000 investment in Racal's shares would have produced income of £1,306 compared with only £758 from Chubb, it added. Racal said that Chubb's rejection of the commercial logic of a takeover was out of touch

Chubb responded by saying that its own soundings of institutional invesotrs had convinced it that its shares would not fall back as low as 200p and accused Racal of "ridiculous, scary talk." A number of institutions had also said they already held enough Racal shares, Chubb added.

Chubb's shares fell 2p to 274p yesterday, while Racal was unchanged at 254p.

John Foster buys Illingworth offshoot

John Foster & Son, a cloth spinner and manufacturer, has paid £1.64m to Illingworth Morris, Britain's biggest wool textile manufacturer, for a Bradford-based subsidiary which makes mohair and other worsted cloths.

Mr Alan Lewis, Illingworth's chairman, said the subsidiary, Pepper Lee, did not fit in with the group's strategy because Illingworth had no mohair spinning capability.

Foster's group sales were £17m in the year ended March 2, 1984.

Foster is paying £379,000 for plant and machinery, £450,000 for goodwill, and £1.22m for stock and work in progress less trade creditors of £405,000.

BIDS AND DEALS IN BRIEF

Shares of M. P. Kent, a Bath-based developer of residential and commercial property rose 17p to 66p—valuing the company at £28.3m—after Kent said it was involved in discussions which might lead to a bid for the company.

Kent made a pre-tax profit of £507,000 on turnover £1.14m in the six months ended December 1983 compared with profits of £740,000 on turnover of £5.25m in the comparable 1982 period. Mr M. P. Kent, the chairman has a holding of 23 per cent in the company with other directors holding a further 5 per cent.

* * *

Neil and Spencer Holdings has bought Arista for FFr 5m (£432,000).

Arista manufacturers laundry equipment for the industrial and hospital markets, old peoples homes and small communities. Profits before tax for the year 1983/84 were FFr 181,404 (£15,699).

* * *

Shareholders of Trafalgar House have accepted proposals to introduce a new share option scheme and to amend the rules of the company's 1973 executive share option scheme. Subsequently options have been granted under the 1984 Scheme to executive directors and other employees in respect of 3.6m Trafalgar shares which includes both the replacement of options granted under the 1973 scheme and the grant of new options over an additional 1.7m shares.

Midepsa's offer for the whole of the issued preference share capital of Henlys has been declared unconditional in all respects. The preference offer will remain open for acceptance until further notice. Acceptances have been received in respect of 132,233 preference shares (70.35 per cent).

The merger between Dee Corporation and Lennons Group is not to be referred to the Monopolies and Mergers Commission. Dee has received acceptances for 76.94 per cent of Lennon's capital and has declared the offer, which will remain open, unconditional.

BANK RETURN

	Wednesday October 10 1984	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	256,898,894	+ 196,514,989
Bankers Deposits	619,462,082	— 118,410,846
Reserve and other Accounts	1,528,680,543	+ 55,166,448
	2,419,594,519	+ 133,070,591
Assets		
Government Securities	415,766,867	— 22,205,000
Advance & other Accounts	855,625,805	+ 139,628,780
Premises Equipment & other Secs.	1,143,186,794	+ 20,622,110
Notes	4,795,341	— 4,969,440
Coin	149,722	— 5,869
	2,419,524,519	+ 133,070,591
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	12,020,000,000	— 40,000,000
In circulation	12,015,204,659	— 35,030,560
In Banking Department	4,795,341	— 4,969,440
Assets		
Government Debt	11,015,100	
Other Government Securities	971,043,003	— 421,346,717
Other Securities	11,037,890,997	+ 381,346,717
	12,020,000,000	— 40,000,000

Ward White weighing up takeovers

Ward White Group is currently looking at two possible takeover deals, says Mr Philip Birch, the chairman, who also reports a 48 per cent increase in the company's interim profits.

Mr Birch says the deals involve one inside shoe retailing and one outside and adds that an American bid expansion move would involve the group in an investment of up to $20m (£16.3m).

Last month Ward White took a 29.14 per cent stake in fellow shoe shop chain Stead and Simpson, following the purchase of a 44.7 per cent holding in Weiner Enterprise Inc. in April this year.

While the company has no present intention of bidding for the balance in Stead and Simpson, Mr Birch admits that he is keeping his options open and would be prepared to hold talks if the controlling voting shareholders were interested in selling.

Over the six months to July 31 1984, Ward White pushed taxable profits up from £2.15m to £3.18m on turnover ahead by £12.11m to £91.38m. The result included a £711,000 share of trading profits this time from Weiner Enterprises Inc.

Ward White traditionally achieves higher profits in the second half—£6.61m last year—and Mr Birch says that the outlook in the company's major business segments is good.

The interim dividend is being raised from 1.45p to 1.694p on the capital enlarged by last year's one-for-three rights issue. Stated earnings per share were up at 3.99p (3.54p), after tax of £1.05m (£753,000).

Taxable profits were struck after higher interest payable of £1.93m (£1.64m), of which some £335,000 was atributable to the purchase of the stake in Weiner.

Mr Birch, commenting on the results, says that trading prifits in the UK mad a strong advance with increases being achieved by all operating groups. In retail activities benefits are still coming process in the areas of imporved through from the integration margins and cost savings.

The UK footwear group experienced increased demand and, together with the elimination of loss-making activity, resulted in a "strong" profit improvement. Safety products also experienced a modest increase in demand with a consequent rise in profit, says Mr Birch.

He points out that trading profit from overseas operations, even without the Wiener contribution, showed a "substantial improvement" and results from Scandinavian and European groups both improved. Australian results, however, were depressed due to adverse factors affecting margins in the safety equipment field.

Profits from the U.S. again advanced with a particularly good result from safety footwear, which is benefiting from increased industrial activity.

Ward White, meanwhile, is rapidly converting its existing outlets to trade under the Focus name, projecting a young fashion image.

To date, 25 have been converted to the Focus name and by the end of this year the group expects to take the total up to 40 with possibly another 100 being switched next year.

Within the next three years, three-quarters of its outlets could trade under the Focus name, according to Mr Birch.

● comment

The market was slightly disappointed with Ward White's 18 per cent increase in trading profits, perhaps because it had expected greater currency gains from translation of U.S. earnings. The shares accordingly slipped 5p to 141p, where the price is supported by an amply covered 5 per cent yield. The Wiener associate is paying its way handsomely, with a 55 per cent profits increase lifting the group's pre-tax line by 48 per cent to £3.2m. Retail spending is soft on both sides of the Atlantic, however Ward White is making headway in the UK by building up its in-store concession, a less capital intensive way of expanding sales than opening its onw shops. Concessions should more than double to 56 by the year end, climbing further to 200 in 1985-86. The group expects consumer spending to show more than its usuel seasonal pick-up towards Christmas, pointing to a full-year out-turn of up to £12m pre-tax. Meanwhile Ward White's 29 per cent stake in Stead & Simpson provides a touch of speculative spice as the group plots its next move.

Abingworth sees more benefits in the U.S.

NET ASSET value per 10p share of Abingworth at June 30 1984 was 320p compared with 302p at the time of the public issue in May 1983 and 340p at end-June 1983.

Group profit before taxation for the year, the venture caiptal investment concern's first as a listed company, was £519,000 compared with £295,000 for the six month period to June 30 1983, and £584,000 for the year to December 31 1982.

Net income after tax was £285,000, or 1.4p per share.

It is proposed to pay a dividend of 1.25p net per share for the year.

At September 30 1984, net asset value per share based on unaudited management figures was approximately 340p.

The directors say that in the stock market in the U.S. there has been a marked decline of interest in new technology issues. This has resulted in venture capital groups having to extend much greater support to their investments from their own resources which in turn has resulted in further pressure on the price of private financings.

They add that Abingworth is in a strong position to benefit from this trend, with considerable liquidity and a substantial portfolio of freely marketable securities.

In the period under review, the venture capital industry experienced significant changes and in the U.S. in particular, the market for technology shares became very weak.

The Hambrecht & Quist Index of listed securities, which broadly reflects the area in which Abingworth invests, fell by more than 43 per cent, from 911.83 at June 30 1983 to 512.52 at June 30 1984.

The sharp decline in the general level of listed technology prices was quickly reflected in the pricing of private round financings. This presented Abingworth with some excellent investment opportunities but at the same time had an adverse effect on the value of its existing listed portfolio.

● comment

Abingworth can usefully be thought of as a new version of an old song—an investment trust for most purposes, including taxation, but with a modern approach to risk-taking and hands-on management. The carve-up in Silicon Valley has inevitably affected recent performance, but dollar strength has had an offsetting effect. Of present asset value of £65m, some 11 per cent is presently held in cash, and a further 30 per cent in listed investments; so there is a good deal of liquidity, actual and potential, to take advantage of a weak market in hi-tech opportunities. At 284p (down 1p), the shares are at a discount to assets of a mere 11 per cent—partly a tribute to adventurous management, but also a reflection of the fact that over half the assets are unquoted, and therefore in the books at or near cost, rather than at market value. The yield, meanwhile, is a negligible 0.6 per cent, with little prospect of rising. As the company makes clear, it subscribes wholly to the Silicon Valley philosophy that profits are meant for reinvestment rather than distribution.

Fothergill & Harvey's first half headway

ALL THREE main sectors of activity contributed to a rise in pre-tax profits at Lancashire-based Fothergill & Harvey, from £806,000 to £1.26m for the half year to end-June 1984.

Mr L. Stevens, group chairman, says that while the underlying rate of growth in demand from manufacturing industry appears to be decelerating, some continuation of profit improvement is expected. Total taxable profits for 1983 amounted to £1.9m.

Advanced materials processing contributed £153,000 to group profits against £131,000, electrical insulation £436,000 against £346,000, and coated and uncoated engineered fabrics £739,000 compared with £484,000.

The £85,000 loss incurred by the associate Cynamid Fothergill, was nevertheless an improvement on the £110,000 loss suffered last time.

Net earnings per 25p share were stated up by 1.75p at 5.64p. A same again interim dividend of 2.75p net is being paid.

Turnover in the first half rose from £11.8m to £14.51m. This is some 5 per cent higher than in the second half of 1983 and was accompanied by an improvement in margins.

The advanced materials processing companies have made a good recovery from the second half of last year, says Mr Stevens, and this is expected to continue.

C. H. Pearce advances and lifts dividend

ALTHOUGH TURNOVER of C. H. Pearce & Sons improved by some £5m to £40m in the year to May 31, 1984 profits before tax rose at a slower pace and increased by £106,000 to £2.94m.

However, a final dividend of 4.75p effectively lifts the net total from 4.917p to 6.25p per 25p share.

The group is continuing to trade profitably in the current year.

At the six months' stage profits were ahead by £41,000 at £1.34m. In their interim report the directors said the figures reflected the narrower margins the construction industry was experiencing.

They told shareholders that it was difficult to forecast future profits with certainty, but added that figures for the full year should not be less than those of the previous year.

Tax for 1983/84 accounted for £1.03m, against a previous £748,000. There was also an extraordinary debit of £96,000 (nil) being a deferred tax charge caused by the adjustment in capital allowance rates.

Earnings per share emerged at 50.6p, compared with 55.2p.

An internal valuation was caried out on the group's properties held for investment. The valuation showed a surplus of £1.18m which has been carried to reserves.

The retained profit, together with the revaluation surplus, has increased shareholders' f unds from £17.88m to £20.63m, an increase of 15.4 per cent.

Pearce, based at Bristol, is a builder and developer.

London Strathclyde

Net asset value per 25p share of the London and Strathclyde Trust improved by 10.9p to 162.2p over the 12 months ended August 31, 1984 after deducting prior charges at par.

Net revenue amounted to £380,000 (£379,000) after tax of £203,000 (£192,000) and preference dividend payments. A final dividend of 1.5p holds the net total at 2.35p. Earnings totalled 2.64p (2.63p) per share.

House of Lerose

Pre-tax profits of House of Lerose fell by some 60 per cent from £561,000 to £225,000 for the six months to June 30 1984. In yesterday edition, the percentage decrease was incorrectly stated.

Ruberoid growth hindered by £582,000 Camrex loss

CONTINUING LOSSES by Camrex have made a "big dent" in Ruberoid's profits for the first six months of 1984.

Revealing this in his interim report Mr Thomas Kenny, chairman, also says the miners' dispute is causing the group to lose at least £60,000 in profit a month.

Camrex incurred a trading loss over the period of £582,000 which left group pre-tax profits at £1.74m, compared with £1.85m.

Excluding the results of Camrex, which was acquired in June 1983 for £6m, Ruberoid's profits showed an improvement of 26 per cent at £2.33m.

Mr Kenny refrains from hinting about the full year results. He says that when the miners' dispute is over the group will progressively return to its pattern of profits growth.

Meanwhile, the interim dividend is being increased from 2p to 2.2p net. Net earnings for the half year emerged at 6.38p (7.39p) per 25p share.

The group's activities cover building and surface protection products, contracting, paper, plastics and resins. Turnover for the opening half rose from £42.7m to £55.7m.

He says that much has been done to improve Camrex's future results but that more corrective action has to be taken. Orders are well ahead of last year, including orders booked for 1985 and 1986—the company is engaged in specialised coatings.

Mr Thomas Kenny, chairman of Ruberoid . . . no hint on the full year result

Explaining the downturn in profits as a result of the miners' dispute the chairman says that a site shared by the group with the National Coal Board for the manufacture of one product is not operating normally.

He goes on to say that the dispute is also significantly affecting other parts of the business since the group is a substantial coal user.

Attributable profits came through at £913,000 (£899,000) after taking account of a lower tax charge of £732,000 (£830,000).

Including Camrex losses of £1.1m group pre-tax profits for 1983 improved by some £1.3m to £5.55m. Turnover totalled £96.18m and a final dividend of 5.1p was paid.

● comment

Ruberoid is still smarting from the disastrous Camrex acquisition, which has contributed to the company's firs tprofits fall since 1977. This, coupled with the news that the cost of the miners' strike is running at an annualised rate of £0.72m, sent the shares 15p lower to 200p. Although the Camrex position still looks somewhat nightmarish, the one redeeming feature is that remedial action taken to date has cut last year's rate of loss by half, so there is a reasonable expectation that full-year losses can be contained to just over £1m. The wild card is obviously the miners' strike, which explains the shy forecast. Fortunately the building materials division is performing solidly on the back of the firm repair and maintenance market and ATAB, the Belgium waterproofing materials business, has picked up after a slow start since being acquired in 1982. This should enable the group to turn in a small profits rise for the year to perhaps £5.9m where the prospective p/e of under 8 (35 per cent tax charge) looks deserved.

Telemetrix raises £5.6m

Telemetrix, a computer graphic company quoted on the USM has raised £5.6m through a placing by stockbrokers, Stock Beech, of around 10 per cent of its equity to more than 30 institutions and some local investors.

The company failed to make the £3m-£2m pre-tax profits forecast announced when it went public in September last year. Pre-tax profits for the year to July 6 1984 were £2.5m compared with £1.6m in 1983.

Telemetrix had warned shareholders earlier in the year that it probably would not make the forecast because of the financial collapse of its building contractor which delayed the completion of a new factory.

It also suffered from a shortage of components.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Allebone, Helene of London, John Mowlem, Office and Electronic Machines, Raybeck, Turriff, West Bromwich Spring.

Finals: James Halstead, M. P. Kent, Ulster Television.

FUTURE DATES

Interims—

Anglo-Indonesian	Oct 18
Barlows	Oct 19
Caparo Properties	Oct 23
First Charlotte Assets Trust	Oct 24
Foster Brothers Clothing	Oct 31
Hall (Matthew)	Dec 4
Hanover Investments	Oct 17
Hunting Petroleum Services	Oct 16
Seccombe Marshall & Campion	Nov 13
Viking Resources Trust	Oct 29

Finals—

Amber Day	Oct 30
British Assets Trust	Oct 25
Japan Assets Trust	Oct 22
Lyles (S.)	Oct 18
Martonair International	Nov 1
North Sea Assets	Oct 19
Smiths Industries	

Improvement by Advance Services

Improved pre-tax profits of £2.46m against £2.2m have been produced by Advanced Services for the first half of 1984. Turnover of this linen supplier, with laundry and allied services, rose from £18.7m to £23.48m.

The net interim dividend has been lifted from 1.1p to 2p—the payment is for the current 15-month period which will run to the end of March 1985. First-half earnings per 10p stock unit are shown as rising from 2.88p to 3.45p.

Tax amounted to £1.01m (£958,000)—the directors say the charge can only be estimated due to the incidence of capital allowances.

The company is a subsidiary of the British Electric Traction Company.

THE PROPERTY MARKET BY JOAN GRAY

High tech companies that worry about neighbours

DEVELOPERS anticipating fat returns from parks for high technology companies on expensive sites close to airports and motorways might get a nasty shock from the answers given by such companies when asked what they really want from their sites.

The overwhelming response is that what they want above all is a prestigious environment—and something more like an exective housing estate than a motorway interchange.

Mr Henry Bennett of Bidwells, project manager of Trinity College's Cambridge Science Park said this was particularly so when companies wereering to attract high-level customers an dstaff. "They appreciate pleasant, spacious and restful surroundings and wouldn't go to an industrial type estate at any price.

'We had a brand new office and warehouse building available on an industrial park only 150 yards acros the road from the science park and at half the rent. The high-tech companies would n't touch it," he said.

Mr David Littlechild, managing director of the fast-growing Noblelight, which makes components for lasers, estimates his new building on the science park was "at least 30 per cent more expensive" than it would have been on a local industrial park.

"But the payback is worth it," he said, "because without doubt it adds to our credibility with customers and you're certain you're not going to get grotty neighbours."

Mr Peter Woodsford is managing director of Laser-Scan, which was the first company on the Trinity Science Park 10 years ago and has just decided to site its new £2.5m headquarters there. He said: "We decided to stay on the science park because it is a good environment and enables us to attract the right people from the university. It gives us prestige, and that's important when you're trying to convince customers to place large orders with what is still a small company.

"We could have split the company up and put our manufacturing operations somewhere cheaper," he said, "but we decided the advantage of having design, development, manufacture and administration all under one roof on the science park was more important."

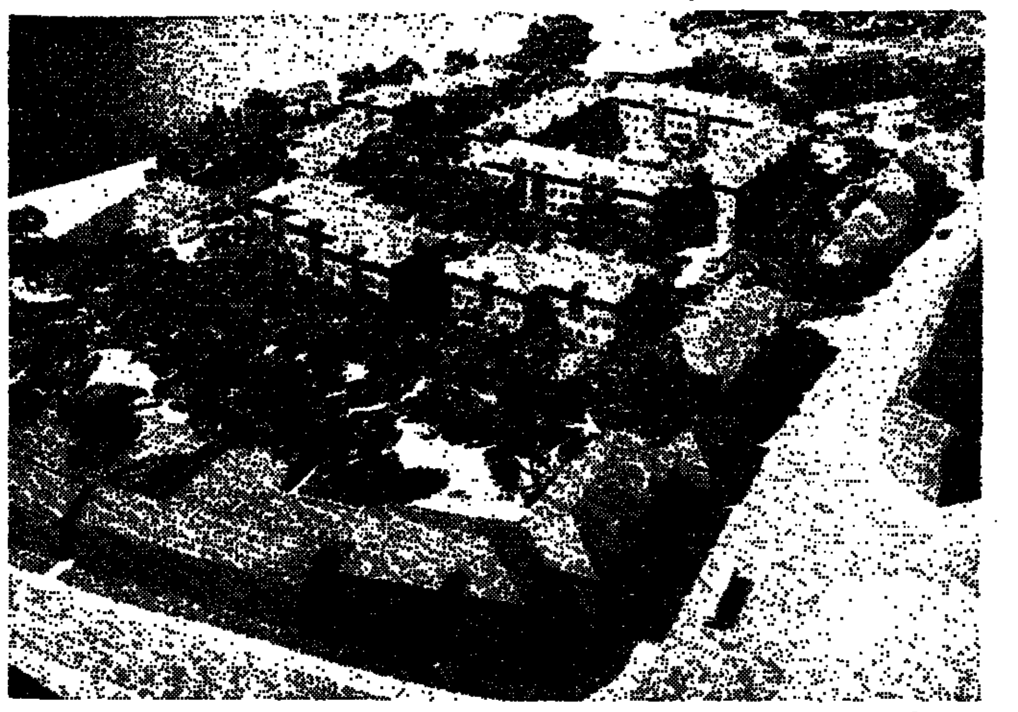
Mr Richard Granger, business director of research and development company Cambridge Consultants, who is trying to recreate the atmosphere of a university physics laboratory in its latest £1m extension to its extension to its science park building, puts the advantage of prestigious surroundings in attracting scarce staff rather more forcefully.

"In the kind of service we provide good staff are fiendishly hard to come by and you've got to play every card you've got in the vicious business of attracting them, including the environment," he said.

Rent on the science park works out at approximately £6 a square foot, compared to £2.50 for nearby industrial estates and £8.50 for office rents in Cambridge; ground leases are calculated on a land capital value of between £150,000 and £170,000 an acre. Companies complain about the price—but they choose it none the less.

All this stress on environment and prestige should give pause for thought to developers who, to quote architect Mr Roger Perrin, who specialises in designing for high technology companies, think the way to attract them is simply to "squeeze a lot of office content on to an industrially zoned site and get an office rent for a site you've paid an industrial price for.

"Companies want a prime site with good access to motorway networks," he added. "But the real key is to create a desirable microenvironment, just like an exclusive executive cul de sac."



A model of Cambridgeshire County Council's Castle Park development in Cambridge

£16m business park planned

ROYAL LIFE and Cambridgeshire County Council, with developers Sheraton JT, have announced a £16.8m scheme to build a business park on a 7-acre site beside the council's Shire Hall offices near the centre of Cambridge.

The scheme, called Castle Park, aims to meet a strong demand in Cambridge for premises for high technology and computer companies. It will be developed in two phases.

The first £10m phase, funded by Royal Life, will consist of eight blocks of mixed office industrial and laboratory accommodation, totalling 141,000 sq ft.

The buildings will be flexibly designed to provide both starter units and larger areas for established companies.

The second phase, a £6.8m office block, is being funded by the county council. It will be built as four wings round a quadrangle. The council will occupy three wings, totalling 75,000 sq ft and will let the fourth wing of 20,200 sq ft.

Grosvenor Square in major policy switch

IN A MAJOR departure from its policy of concentrating on office and shop development, Grosvenor Square Properties is negotiating to buy a 60 or 70 acre site in the Home Counties to develop as a business park for high technology companies.

The site is near the M25 and will be developed in phases starting with a 10-acre scheme, but the company is not revealing further details until negotiations are completed.

As part of the move into industrial property, Grosvenor Square is also developing a 16,000 sq ft two storey specu lative mixed high technology office and industrial building in Bath Road, near Heathrow.

But Mr Paul Marber, the managing director, emphasises that his company has no plans for industrial development to account for more than 10 per cent of its £35m development programme.

"Our main provision is offices with a growing number of shopping schemes," he said. "We plan to have between 50 and 60 per cent of our developments in the UK in offices, and between 25 and 30 per cent in shops, and the balance industrial."

Unlike the rest of its developments, which are concentrated in London and the south east, Grosvenor Square's £10m shopping developments are spread throughout the UK wherever the company can find a suitable location.

Grosvenor Square is concentrating on developing infill sites in high streets rather than "£20m out-of-town centres which are too big for us," said Mr Marber.

The next major shopping development Grosvenor Square is planning is a 20,000 seq ft scheme in Queen Street in Cardiff next to the castle. It has also just purchased a 2.5 acre site in Edmonton, north London,

Trade centre wins grant

AFTER YEARS of controversy over its fuutre, a £10m development scheme to convert the Victorian Royal Agricultural Hall in Islington to an exhibition and conference hall and trade centre has been approved.

The London Borough of Islington and the Department of the Environment have sanctioned a £2.85m urban development grant as part of the £10m package. The remainder is being provided by the owner developers, City Industrial, with support from UDG, ICFC, a Swiss investment group and Ray West, a San Francisco trade centre organisation.

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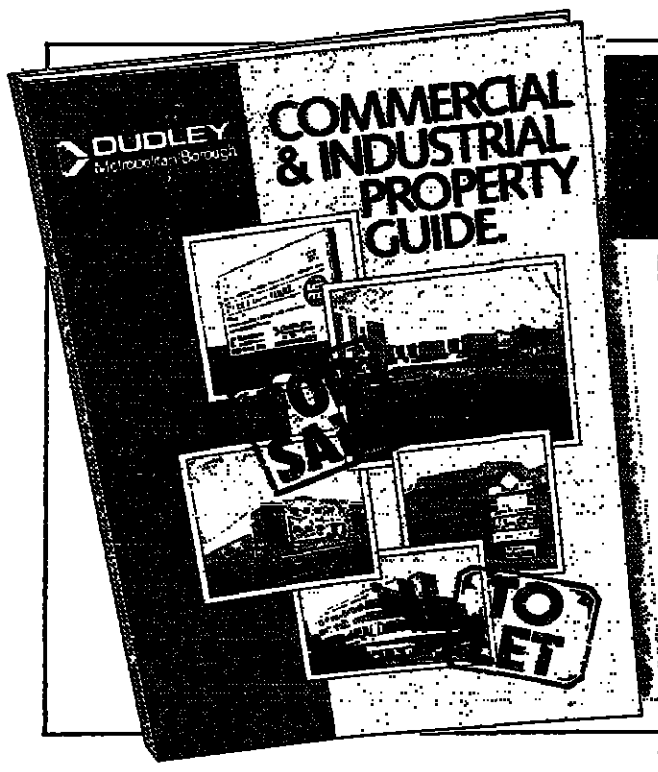

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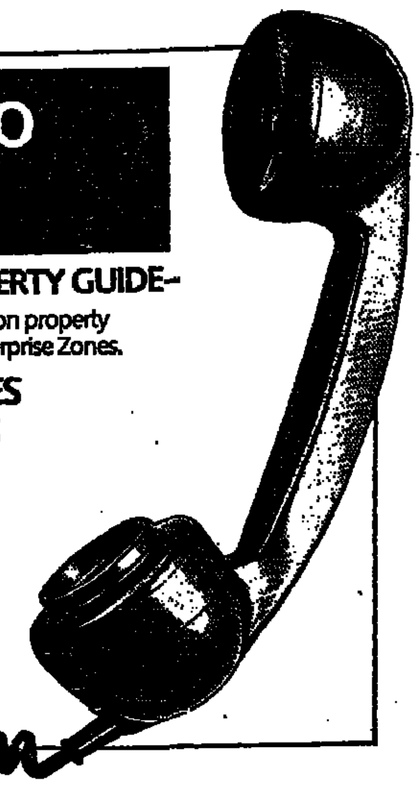

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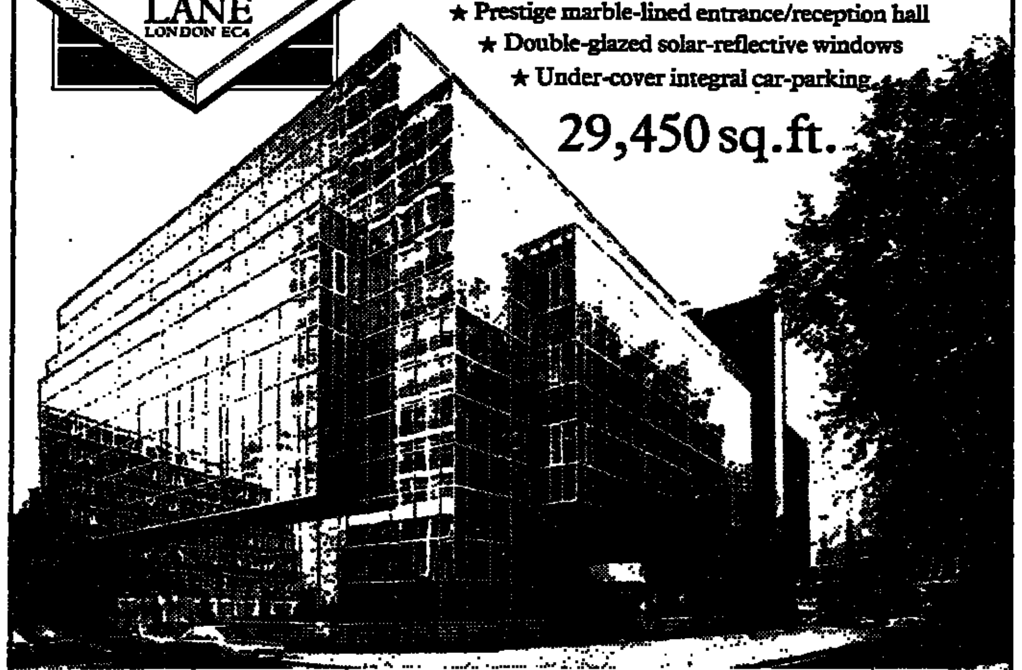

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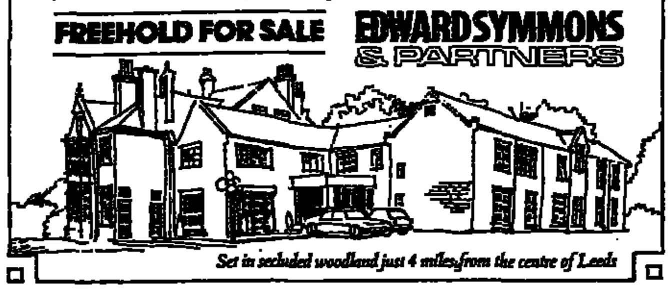

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Hillier Parker May and Rowden, 5 South Charlotte Street, Edinburgh. Tel: 031-226 6321.

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BIRMINGHAM—THE BIG HEART OF ENGLAND

FT12/10

TECHNOLOGY

EDITED BY ALAN CANE

VOICE RECOGNITION AT IBM'S U.S. LABORA TORY

Speak to the listening machine

BY GEOFFREY CHARLISH

THE ULTIMATE in office equipment—the machine that will type as you speak into it—has come a step nearer with an announcement from IBM's Thomas J. Watson Research Centre.

A team has developed an experimental system that quickly and accurately recognises English sentences and produces them on a workstation screen as the user speaks.

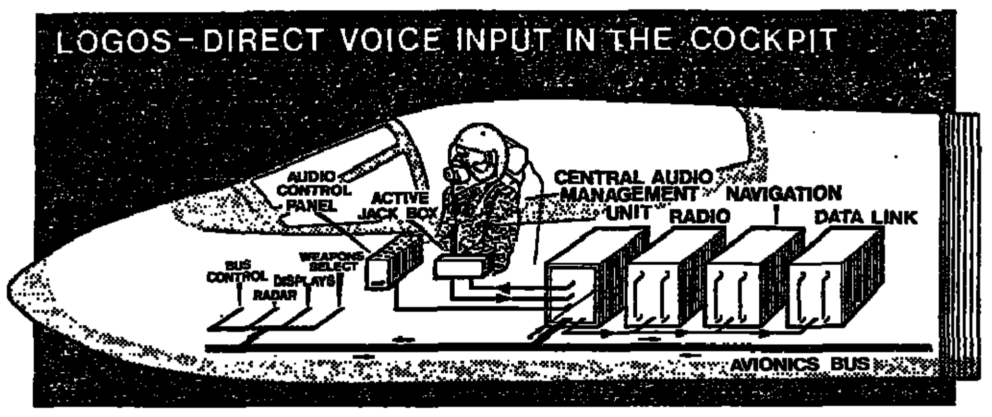
The system can recognise sentences composed from a 5,000-word business vocabulary IBM claims that it can identify more than 95 per cent of the words correctly. The scientists at the Yorktown Heights laboratories believe the system is the most advanced yet developed.

Similar work is going on in the UK at Logica, at the Government's Joint Speech Research Unit and several other laboratories. A fundamental problem for all the researchers is that no two people speak alike. For example, regional accent alone can make the word "town" sound like "tarn," "toon" or even "tine."

So the machines have to be trained to deal with a particular speaker, by listening to the user reading a brief standard text. IBM says its system requires a short pause between words during both training and dictation.

But once the system is trained, words, phrases and sentences appear on the screen shortly after they are spoken. The recognition technique is statistical. It functions by determining the degree of similarity between the speech and the words in the vocabulary, as well as the probability that they would be used with other words in the sentence.

Both pronunciation and context are considered: the system can distinguish between "to," "do" and "through" because they are pronounced differently, and between "to," "too" and "two" based on the context. It can compute the probability that a given word will appear in a particular context based on an analysis of about 25m words of office correspondence.



LOGOS is an advanced continuous speech recognition device, originally developed for the UK Government's Joint Speech Research Unit. Direct voice input will allow the pilot of a modern aircraft to control a complex array of instruments and equipment in his cockpit, while keeping his hands on the controls and his eyes on the outside world

Words not stored in the vocabulary can be used in documents by spelling them out. New words that will be frequently employed can be added verbally.

The IBM system takes a set of 20 measurements on the speech every 0.01 second and compares each set with 200 patterns, automatically tailored to the speaker's voice during a 20-minute training session. Next, it makes the appropriate matches, "labelling" the sound segments so that they can be identified.

These sounds are then looked at in their context—their apparent relationship to each other at that moment—and several candidates are chosen from the vocabulary.

As additional sounds are uttered, new word candidates are created and the initial possibilities are re-evaluated in the light of the new data. The possible choice is thus narrowed until the most probable word sequence is found.

The exact speed at which this takes place is not revealed by IBM, but the processing takes place on a 4341 computer (an IBM mid-range main-frame) with three array processors from Floating Point Systems.

Before an office product can emerge, a major problem for IBM will be the reduction of this considerable computing power to a minimum and the application of large scale integration to the circuits.

Logica's approach has been rather different. Whereas IBM has aimed at a large vocabulary of isolated word speech (the speaker must not run his words together), Logica has concentrated on a small vocabularly that can be spoken in the ordinary way without pauses. For example, the two words "prime minister" can be run together and the machine will still identify them separately.

Logos, developed with the Joint Speech Research Unit, can recognise continuous speech uttered using a vocabulary of about 50 words. Racal and Smiths Industries have been licensed to use the system in airborne applications where the pilot can speak rather than press buttons, giving him another form of input to the aircraft's systems.

There are many other possible applications. Both ITT and Ericsson have announced telephone instruments in which the caller simply asks for the number rather than dialling it. These do not need the great computing power of general systems and can be made cheaply enough to attract a market.

At last year's telecommunications exhibition in Geneva, Nippon Electric Company demonstrated the DP-200 continuous speech recognition system with a vocabulary of 150 words (single speaker). It was part of a language translation system in which Japanese was being automatically translated into English.

Marconi Space and Defence Systems has had a system on offer for two years which can take various control actions when any of 240 words is spoken into it. It is "trained" for the speaker in a few minutes by loading appropriate audio cassettes. One system, at the Royal Aircraft Establishment, Farnborough, allows pilots to change the frequency of a radio set simply by speaking the name of the beacon he is trying to pick up.

Texas Instruments, which attracted much attention with its Speak 'n' Spell machine for children in 1980, has extended the voice recognition technique to instructing business computers. In one application, a newsagent grappling with bundles of unsold newspapers was able to speak the numbers into his machine instead of putting them down in order to operate a keyboard.

TEXTILE MEASUREMENTS

Why colour matches are important

YESTERDAY Marks and Spencer was presented with the Queen's Award for Technical Achievement for a system which is saving its clothing suppliers thousands of pounds a year. Jointly with the computer company, ICS, the retail chain has developed a computer system which checks garments for colour consistency.

Colour is very important when it comes to fashion products but it was difficult to ensure that all fabrics coming from a number of dye houses met Marks and Spencer's specification.

Fermark, an underwear manufacturer, installed its colour computer two years ago as part of the pilot trials. Mr Peter Klein, the company's managing director, said that the £20,000 computer had paid for itself in only 15 months.

The system consists of two elements, a spectrophotometer which actually measures colour and a computer which turns the electrical signals from the spectrophotometer into numerical values and so defines a shade uniquely. The whole of the garment is scanned on the production line for colour consistency.

Without such technology the judgment of whether or not a colour meets the specification has been carried out by a number of individuals at different places. As many of Marks and Spencer clothes tend to be colour co-ordinated, any off colours can ruin matching of shades.

Fermark, for example, produces 36,000 bras a week and has reduced the lead times for its production from 16 to only 12 weeks because colours can be checked faster and more accurately.

To date most of the systems have been installed in the factories of Marks and Spencer's lingerie suppliers and dye houses though it is likely that the system will spread to more of the retail chain's 700 garment suppliers. ELAINE WILLIAMS

INFORMATION SYSTEM

Solicitors' office

ONE OF the first of a sophisticated new kind of information system has been designed for solicitors by Centrefile, the computing services subsidiary of National Westminster Bank.

It applies the concept of "integrated" software, a series of computer programs each tackling different specific tasks, but which are all integrated on to the same program disk so that they can be used without the need to load new disks.

The complete system, called "Solicitors Office" consists of a series of workstations connected by a local area network (cheap, reliable and high speed way of moving information around a limited area) powered by one or more ICL 16 bit Personal Computers.

Some software packages—legal accounting, time recording and word processing are already available and systems for conveyancing, diary management and electronic mail are shortly for release.

This is where integration is important. Two or more of these packages can be combined—word processing, for example, could be fully integrated with conveyancing and accounting.

According to Mr John Wallace, Centrefile's managing director, the legal profession will spend some £75m on computing in the next five years: "Centrefile is proposing to capture a significant share of this developing market."

For the technical, the system has been written in a fourth generation language that generates Level II Cobol.

ALAN CANE

Components

Low power chip lasers

SCIENTISTS AT Standard Telecommunication Laboratories, Harlow, have reduced the operating current of a semiconductor laser to 4.6 milliamps (thousands of an amp) at room temperature. Typical threshold (lowest operating) currents with present day lasers are in the range 15 to 70 milliamps.

Work at the laboratories, which are the research centre for Standard Telephones and Cables (STC), is aimed at integrating a number of the tiny lasers on to one semiconductor chip. This in turn will help significantly in the production of the opto-electronic circuits needed for complex optical communications networks and other applications.

The lasers are used to convert a coded stream of electrical pulses, representing up to 20,000 telephone channels or 20 colour television programmes, into an identical stream of light pulses down an optical fibre.

Made from gallium indium arsenide phosphide and indium phosphide, the STL laser active filament is only 140 microns (millionths of a metre) long with a cross section of 1 x 0.2 microns.

Metals

Aluminium melting

ELECTRICITY COUNCIL research staff have applied computer aided techniques to the aluminium melting industry to improve the performance of channel induction furnaces. They have used the techniques to develop special channels in the furnace so that they do not become clogged by unwanted oxides.

The council says that the new design produces faster melting with high efficiency and is cheaper than fuel-fired melters.

The development has been licenced to Inductotherm Europe part of a U.S. group.

Biotechnology

Animal cell research

SURREY University's Microbiology Department is to undertake a £241,000 research project on the production of biochemical products from animal cells.

The contract has been placed by the Harwell Laboratory as part of a national programme on animal cell uses which is funded by the Department of Trade and Industry.

The project will concentrate on methods of producing monoclonal antibodies which are used as diagnostic or preparative reagents. The hope is to produce the antibodies in greater quantities and at lower cost.

Computing

Plug in networks

DIGITAL MICROSYSTEMS of Wokingham has developed a plug-in card enabling Apricot business microcomputers to work into Digital's local area network, HiNet. There are more than 1,500 HiNet installations in the UK.

Designed in co-operation with Apricot's makers, Applied Computer Technology, the multi-layer high density board is simply inserted into the computer's internal expansion slot. Removal of one blanking plate then enables the HiNet RS422 connector to be plugged into the F1, PS, Xl, or the new flat screen portable.

The new card measures 4x3 inches and costs £445, with normal discounts for quantities. Digital Microsystems is on 0734 793131.

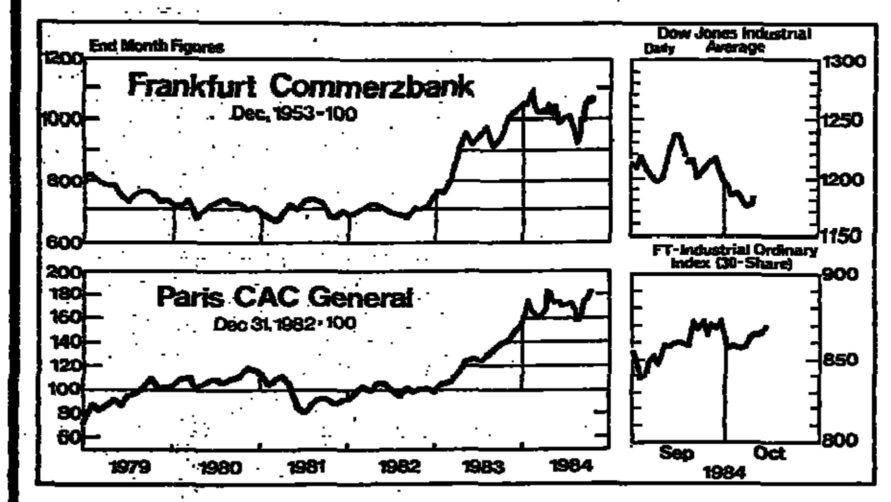
SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday October 12 1984

Ford Motor Credit launches $200m FRN issue, Page 44

KEY MARKET MONITORS



STOCK MARKET INDICES

	Oct 11	Previous	Year ago
NEW YORK			
DJ Industrials	1,183.08	1,177.23	1,285.14
DJ Transport	513.96	510.63	583.89
DJ Utilities	138.80	138.28	137.04
S&P Composite	162.78	162.11	170.34
LONDON			
FT Ind Ord	870.6	866.8	686.0
FT-SE 100	1,141.3	1,136.5	942.5
FT-A All-share	537.15	534.98	431.99
FT-A 500	583.18	581.36	470.65
FT Gold mines	556.2	555.9	548.9
FT-A Long gilt	10.45	10.38	10.57
TOKYO			
Nikkei-Dow	10,696.86	10,668.71	9,493.09
Tokyo SE	828.88	830.75	696.28
AUSTRALIA			
All Ord.	746.4	742.3	704.7
Metals & Mins.	448.8	445.2	533.8
AUSTRIA			
Credit Aktien	56.27	56.23	54.82
BELGIUM			
Belgian SE	162.64	161.98	128.79
CANADA			
Toronto			
Metals & Minls	1,934.1	1,920.89	2,467.00
Composite	2,365.8	2,357.88	2,505.70
Montreal			
Portfolio	115.94	115.42	123.81
DENMARK			
Copenhagen SE	169.77	169.01	183.03
FRANCE			
CAC Gen	182.1	182.0	141.3
Ind. Tendance	117.3	117.7	89.4
WEST GERMANY			
FAZ-Aktien	368.04	366.23	327.2
Commerzbank	1,070.2	1,066.5	969.3
HONG KONG			
Hang Seng	979.78	983.13	735.36
ITALY			
Banca Comm.	211.3	n/a	189.15
NETHERLANDS			
ANP-CBS Gen	178.2	177.6	144.8
ANP-CBS Ind	140.0	138.7	118.4
NORWAY			
Oslo SE	254.19	254.65	216.45
SINGAPORE			
Straits Times	857.14	857.69	952.82
SOUTH AFRICA			
Golds	1,013.0	1,014.3	808.0
Industrials	858.6	858.4	923.9
SPAIN			
Madrid SE	149.82	151.05	119.65
SWEDEN			
J & P	1,462.62	1,451.38	1,471.22
SWITZERLAND			
Swiss Bank Ind	373.8	373.6	342.3
WORLD	Oct 10	Prev	Yearago
Capital Int'l	180.3	180.4	185.8

GOLD (per ounce)

	Oct 11	Prev
London	$339.25	$337.75
Frankfurt	$339.00	$338.00
Zürich	$339.25	$337.75
Paris (fixing)	$338.06	$338.43
Luxembourg (fixing)	$337.90	$337.90
New York (Oct)	$336.70	$338.80

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Oct 11	Previous	Oct 11	Previous
$	–	–	1.2255	1.233
DM	3.096	3.0755	3.7925	3.79
Yen	247.9	247.3	303.75	305.5
FFr	9.4925	9.425	11.6125	11.6725
SwFr	2.5475	2.5375	3.1225	3.1275
Guilder	3.4865	3.472	4.2725	4.2975
Lira	1,912.0	1,913.0	2,342.5	2,356.0
BFr	62.5	62.575	76.65	77.0
C$	1.317	1.3175	1.6185	1.62

INTEREST RATES

	Oct 11	Prev
Euro-currencies (3-month offered rate)		
£	10 11/16	10⅝
SwFr	5⅜	5 5/16
DM	5 13/16	5 13/16
FFr	11⅜	11⅜
FT London Interbank fixing (offered rate)		
3-month U.S.$	11 5/16	11¼
6-month U.S.$	11 9/16	11½
U.S. Fed Funds	9⅝	7
U.S. 3-month CDs	10.75	10.75
U.S. 3-month T-bills	9.96	10.045

U.S BONDS

Treasury	Oct 11* Price	Oct 11* Yield	Prev Price	Prev Yield
11⅞ 1986	100 5/32	11.78	100 1/32	11.85
13¾ 1991	106 5/32	12.35	106	12.40
12⅝ 1994	101 19/32	12.33	101 18/32	12.34
12½ 2014	102 24/32	12.15	102 19/32	12.17
Corporate	Oct 11*		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	90½	12.75	90½	12.75
3⅝ July 1990	70½	10.95	70½	10.95
8¾ May 2000	72¼	12.95	72¼	12.95
Xerox				
10⅞ March 1993	88⅜	12.85	88⅜	12.85
Diamond Shamrock				
10⅜ May 1993	88⅛	12.95	88⅛	12.95
Federated Dept Stores				
10⅜ May 2013	82½	12.95	82½	12.95
Abbot Lab				
11.80 Feb 2013	92	12.90	92	12.90
Alcoa				
12¼ Dec 2012	91⅝	13.45	91⅝	13.45

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	67–27	67–30	67–13	67–17
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	90.02	90.04	89.92	89.95
Certificates of Deposit (IMM) $1m points of 100%				
Dec	89.10	89.11	88.97	89.04
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	88.61	88.68	88.58	88.70
20-year Notional Gilt £50,000 32nds of 100%				
Dec	106–09	106–13	105–31	106–14

COMMODITIES

(London)	Oct. 11	Prev
Silver (spot fixing)	580.80p	579.50p
Copper (cash)	£1,037.50	£1,022.00
Coffee (Nov)	£2,393.00	£2,376.50
Oil (spot Arabian light)	$27.80	$27.75

WALL STREET

Corporate progress taken calmly

ATTENTION on Wall Street yesterday switched from the congressional delay in approving the new federal debt ceiling to the trading progress of the large U.S. business corporations, *writes Terry Byland in New York.*

Third-quarter results from IBM, Lockheed, Chemical Bank and a number of other household names were taken calmly in the stock market, which edged ahead after some initial coolness.

The stock market climbed gently towards the end of the session, helped by successive trading results from major companies. At the close the Dow Jones industrial average was 5.85 points up at 1,183.08, on moderate turnover of 87.7m shares.

Stock in Manufacturers Hanover gained $1½ to $30¼ in response to the third-quarter results.

In the government debt markets, the federal funds rate returned to normal as the pressures of the bank settlement day relaxed. But the funds rate dipped from an opening 10¼ per cent to 9⅝, and other short-term rates eased back. Three-month Treasury bills dipped below 10 per cent for the first time since mid-July.

Postponement of the day's planned 20-year federal bond issue was no surprise to the market, and congressional approval for a $370bn spending measure eased tensions over the debt ceiling delay.

IBM's results contained no shocks for Wall Street, and although stock in the computer monarch softened by $½ to $121⅜ after the news – it was $½ up earlier – the rest of the market soon shrugged off this temporary malaise.

A dull spot was Motorola, $1 down at $34⅞ after its results, and fellow microchip maker Mabon Nugent eased by $⅝ to $35¼ on nervousness over industry sales.

Good figures from Lockheed, $1 up at $43⅞, from Raytheon, $¼ off at $40⅝, and from North American Philips, unchanged at $35½, brightened the industrial sector.

Among civil aerospace issues, McDonnell Douglas jumped $1¾ to $68⅛ on an analyst's recommendation. Airline issues strengthened, with United $⅛ better at $38⅞ despite a threatened strike by pilots. American Airlines gained $⅞ to $28⅛.

Caterpillar Tractor, $1 up at $31½, steadied from Wednesday's shock of a substantially reduced dividend payout. General Motors and Ford added $½ each to $76¼ and $45½ respectively.

The banking sector got off to a cautious start after eagerly awaited figures. Modestly better net earnings at Chemical New York left the shares $¾ better at $28⅞, J.P. Morgan gained $⅝ to $69¾ and Irving Bank at $28¼ put on $¼, both after higher earnings figures.

Other money centre bank stocks held firm while awaiting boardroom statements. The bank results will be scanned with particular attention to charge-offs against non-performing loans.

Security Pacific, Wall Street's favourite regional bank, jumped $1⅝ to $49¼ in response to the higher net total for the quarter.

Other majors to improve after announcing results included Gannett, $½ up at $43¾; Intel, $¼ up at $28½; Potlach, $¾ higher at $28¼; and Lowenstein, $⅞ higher at $38⅞.

Star of the health care sector was G.D. Searle, $1¾ better at $60⅛ on renewed rumours of a bid – Monsanto denied involvement.

ITT, still expected either to divest the Sheraton division or even attract a bidder, edged up $⅝ to $30⅝ in busy trading.

In the retail sector, Sears Roebuck at $31½ regained $⅝ of the heavy loss suffered on Wednesday when a leading analyst downgraded the stock.

Trading in federal bonds was thin, but yields began to slip as tensions at the shorter end slackened. Both corporate and municipal bonds had a quiet session.

TOKYO

Drugs and electronics dominate

BUYING interest centred on incentive-backed pharmaceuticals and some electronic parts issues in slow post-holiday Tokyo trading yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Although banks and blue chips weakened on light sales, rises in pharmaceuticals led the Nikkei-Dow market average up 28.15 to 10,696.86 on volume of 280.55m shares, down from 325.13m. Declines outnumbered advances 387 to 300, with 174 unchanged.

Pharmaceuticals drew speculative interest on prospects for a strong performance in the next financial year, because of a smaller cut in standard prices of drugs planned for national health prescriptions than in previous years and a series of announcements of anti-cancer drug development.

Non-residents sold blue chips on a broad front. Conversely, foreign net purchases of drug issues reached between 2m and 4m shares each from October 1 to 9, according to a Nikko Securities official.

Active buying focused on biotechnology-related issues, with Dainippon Pharmaceutical scoring a maximum allowable daily rise of Y500 to Y4,140. Takeda added Y24 to Y832, Daiichi Seiyaku Y50 to Y1,920, Tanabe Y50 to Y1,140 and Yamanouchi Y20 to Y1,710.

Among electronic parts issues, Stanley Electric headed the day's actives with 10.09m shares, climbing Y80 to Y1,160 on brisk product demand. Nippon Gakki, which is the top musical instrument maker and is diversifying into semiconductors, went up Y140 to Y1,460.

Sumitomo Special Metals registered a daily limit gain of Y1,000 to Y7,100, bolstered by strong demand for electronic parts magnets.

Of the blue chips, Fuji Photo eased Y20 to Y1,660 and Sony Y40 to Y3,800.

In the bond market, government issues with nine years or longer until maturity touched highs for the year on active buying by trust banks and other investors, despite the yen's decline against the dollar.

Big securities houses believe overall purchases of the bonds by trust and city banks and some agricultural institutions exceeded Y200bn.

The yield on the benchmark 7.5 per cent government bond due in January 1993 declined to 7.07 per cent from Tuesday's 7.1 per cent.

AUSTRALIA

A REVIVAL took place among Sydney metal mining issues after week-long setbacks, but by the end of the session many were off their best.

Central Norseman put on 15 cents to A$4.90, and CRA 10 cents to A$4.95. BHP held at A$10.30. The energy side was dull.

Banks were encouraged by strong results from federally owned Commonwealth Bank, taking Westpac 4 cents up to A$3.80.

EUROPE

Buyers hunt bargains in Frankfurt

INVESTORS returned to **Frankfurt** yesterday in search of bargains, amid indications of favourable economic growth and investment. Reflecting the overall tone, the Commerzbank index rose 3.7 to 1,070.2.

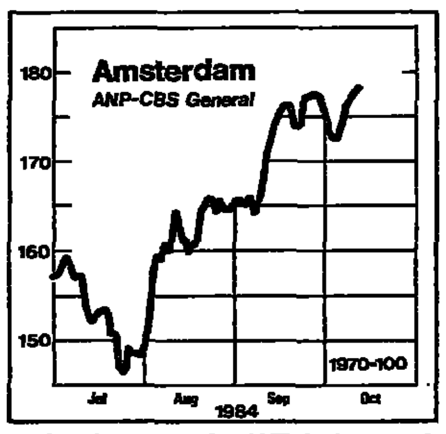
The motor sector compensated for Wednesday's losses as foreign investors, attracted by the stronger U.S. dollar, indulged in a bout of buying. VW firmed DM 4.60 to DM 183.60, reflecting interest after announcing a venture in China. Porsche jumped DM 34 to DM 1,061, and Daimler-Benz gained DM 7 to DM 590.

Banks continued to be favoured on expectations of improved full-year profits. Deutsche Bank was DM 1.80 up at DM 369.30, and Commerzbank added 30 pfg to DM 166.30. Bayerische Vereinsbank, however, moved against the trend to end 50 pfg lower at DM 331.

Siemens, after announcing a joint venture in microchip development with Philips, rose DM 1.40 to DM 448.20.

Profit-taking affected the bond market where prices generally eased. The Bundesbank bought DM 36.7m of domestic paper after selling DM 26.5m the previous day.

A firm undertone left **Amsterdam** slightly above Wednesday's level. Strong buying demand was balanced by some profit-taking, and the ANP-CBS general index rose 0.6 to 178.2, edging close to its 1984 high of 178.9.



Internationals were again supported by the strong dollar, except for Royal Dutch, which slid 20 cents to Fl 175.70 on expectations of a lower third-quarter result.

Philips reacted less keenly to the Siemens link, edging 10 cents higher to Fl 53.80.

Publishing issues continued their strong advance, and insurers and banks also improved. A slight fall in demand in the bond market took bond prices marginally lower.

Paris saw narrow price fluctuations in most sectors, and trading was again directionless.

Cie Bancaire shed FFr 37 to FFr 563 after announcing disappointing first-half results and its intention to launch a new bond issue. Other private-sector banks suffered a knock-on effect.

Most other sectors were mixed. Skis Rossignol, which attracted FFr 20 the previous day, continued its strong performance by taking on FFr 40 to FFr 1,675.

A firmer **Brussels** saw details announced of Société Générale de Belgique's planned rights issue, where shares will be priced between BFr 1,400 and BFr 1,700. It added BFr 5 to BFr 1,850.

Steel issues were popular, with Arbed up BFr 80 at BFr 1,620, Cockerill BFr 17 ahead at BFr 294 and wiremaker Bekaert BFr 40 firmer at BFr 4,700.

Expectations of a gain on Wall Street took **Zurich** higher in late trading. Financial and industrials profited from market optimism of a general improvement in results. Dull bond trading kept prices lower, however.

Milan ended mixed as blue chips suffered marginal losses, and **Madrid** turned lower, with utility issues recording the biggest drop.

Most sectors saw gains in **Stockholm** and, although Alfa-Laval announced a fall in profits after the close, it put on SKr 4 during trading to end at SKr 193.

LONDON

Unilever bid offers food for thought

THE MAIN force behind a rise in London equity values yesterday stemmed from an undercurrent of interest rate optimism, and investors showed few inhibitions awaiting news of the crucial miners' talks.

Stocks considered to be potential takeover targets were favoured, particularly those in the food sector following Unilever's success in gaining control of Brooke Bond.

The defeated original bidder, Tate and Lyle, put on 10p to 408p as speculators changed their view of the group from predator to possible prey.

House of Fraser advanced 6p to a new high of 292p amid rumours that Lonrho, 9p dearer at 157p, had placed its holding with Sears Roebuck of the U.S. This the multinational later denied.

The FT Industrial Ordinary index closed 3.8 up at 870.6. Index-linked gilts meanwhile prospered again, often at the expense of conventional stocks.

Chief price changes, Page 36; Details, Page 37; Share information service, Pages 38–39

HONG KONG

DULL and featureless Hong Kong dealings left most leaders slightly lower after a firm opening.

Wheelock Marden, which has been gaining on rumours of a reshape, slipped 5 cents to HK$3.57 as the company denied such plans.

Shaw Brothers shed 30 cents to HK$17.50 on profit-taking after a good earnings report.

SINGAPORE

MOVEMENTS in Singapore were rarely much either side of overnight levels as trading stayed quiet and selective.

Speculative buying made Straits Steamship an exception gaining 27 cents to S$1.45.

Volume leader Ben & Co added 25 cents to S$1.76 – giving the food group a three-day jump of 72 cents, or nearly 70 per cent.

SOUTH AFRICA

A QUIETLY mixed result for Johannesburg golds left Doornfontein 50 cents off at R33 but Randfontein R3 ahead at R209. Mining financials were steady.

Barclays National Bank at R16.25 showed no response to its mortgage rate rise, but Nedbank put on 25 cents to R12.25.

CANADA

STRENGTH in gold, base metal and property issues was insufficient to establish a markedly firmer overall trend in a moderately active Toronto where the merchandise sector encountered notable selling.

Banks, utilities and industrials all made cautious progress in Montreal.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¾	AAR	.48	2.1	20	123	22⅞	22	22⅛	+ ⅛
18⅝	12⅞	AMF	.50	3.0	151	156	16⅞	16½	16⅝	- ⅛
41¼	24¾	AMR			4	4120	28⅛	27⅞	28	+ ¼
20⅞	18¼	AMR	pf2.18	11.		17	20	19⅞	19¾	+ ⅛
41½	27½	AMR	pf2.13	7.1		869	30¼	29	29⅞	+ ⅞
25½	22⅞	ANR	pf2.67	11.		5	23⅞	23⅝	23⅞	
16¼	8½	APL			4	80	14⅛	14	14	- ⅜
67¾	40¼	ARA	2.10	3.1	14	1031	67⅝	67⅜	67½	
68⅞	44⅞	ASA	3a	5.4		305	56¼	55¾	55⅞	- ⅝
30¾	16½	AVX	.32	1.7	12	34	18½	18⅜	18½	
53⅞	38¾	AbtLab	1.20	3.1	12	9170	38⅞	37¾	38½	+ ½
35⅝	23⅞	AccoWd	.66	2.2	18	6	30¼	30¼	30¼	
27¾	12½	AcmeC	.40	2.8		177	15	14¾	14¾	+ ¼
12¾	8⅞	AcmeE	.32b	3.2	16	59	10¼	10	10¼	
24⅞	11	AdmDg	.04	.2	13	212	24	23⅝	24	
18¼	15	AdaEx	2.11e	13.		124	16½	16¼	16½	+ ¼
18⅞	11⅞	AdmMl	.28	2.0	9	7	14⅜	14⅜	14⅜	
22	13½	AdvSys	.81t	4.7	16	45	17¼	17⅛	17¼	+ ⅛
41⅛	25¾	AMD			15	8676	35¼	34	34⅜	-1⅛
14⅜	7⅞	Advest	.12	1.4		99	8⅝	8½	8⅝	+ ⅛
17⅞	9⅞	Aeflex			11	100	11¼	11⅛	11¼	+ ⅛
39	27¾	AetnLf	2.64	7.5	32	1863	35	34⅜	35	+1
58¼	52½	AetL	pf5.78e	11.		3347	52⅝	d52⅜	52¼	+ ¼
34½	15¾	Ahmns	1.20	5.5	6	1640	22⅛	21½	22	+ ⅜
5½	2⅞	Aileen				20	2⅞	2⅞	2⅞	+ ⅛
48⅞	36½	AirPrd	1.20	2.8	9	1045	42½	42	42¼	- ⅛
30⅝	13	AirbFrt	.60	3.3	10	776	18⅝	18	18⅜	+ ⅛
9¼	1⅝	AlaMoa	.50e	14.		178	3⅝	3½	3⅝	+ ⅛
31⅞	25¾	AlaP	pfA3.92	14.		3	28½	28	28½	
7¼	6	AlaP	dpf.87	13.		24	6⅝	6½	6½	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 35

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
25⅜	10⅛	WyleLb	.32	2.6	8	139	12¼	12½	12½	−⅛
21	16½	Wynns	.60	3.5	9	24	17⅜	17¼	17⅜	−⅛
		X-Y-Z								
52⅛	33¼	Xerox	3	8.1	10	2496	37⅞	36⅞	37	−⅞
61⅛	45¼	Xerox	pf5.45	12.		177	47⅛	47⅛	47⅛	
37	19	XTRA		2.5	9	167	25¼	25⅛	25	+¼
33⅞	24	ZaleCp	1.32	5.0	9	33	26½	25¼	26½	+½
24⅞	15¼	Zapata	.84	4.6	13	591	18½	18⅛	18⅛	−⅛
48	28¼	Zayre	.40b	.9	12	541	44¼	43¼	43⅞	+¼
38⅛	20	ZenithE			9	400	24⅝	24⅛	24⅜	−⅛
27⅞	16	Zero	s .36	1.6	15	18	22¼	22	22	+⅛
34	21⅞	Zurnin	1.32	5.6	12	140	23½	23¼	23½	+¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E-price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Oct. 11	Price Sch%	+ or —
Creditanstalt	211	......
Goesser	330	+1
Interunfall	383	......
Laenderbank	214	+3
Perlmooser	382	+1
Steyr-Daimler	149	—1
Veitscher Mag	240	—1

BELGIUM/LUXEMBOURG

Oct. 11	Price Frs.	+ or —
ARBED	1,620	+80
Banq Int A Lux	5,400	......
Bekaert B	4,700	—40
Ciment CBR	2,675	+60
Cockerill	294	+17
Delhaize	5,730	+20
EBES	2,865	+15
Electrobel	6,200	+30
Fabrique Nat	2,065	......
GB Inno BM	3,410	+10
GBL (Brux)	2,340	+10
Gevaert	3,650	—30
Hoboken	5,900	+10
Intercom	2,135	—5
Kredietbank	7,500	......
Pan Hldgs	10,200	......
Petrofina	7,760	+50
Royale Belge	9,500	......
Soc. Gen. Banq	3,150	—25
Soc. Gen. Belge	1,850	+5
Sofina	7,360	—10
Solvay	4,420	—5
Tractionel	4,120	......
UCB	5,540	—20
Vieille Mont.	5,400	+10

DENMARK

Oct. 11	Price Knr %	+ or —
Aarhus Olie	440	+10
Andelsbanken	242	+3
Baltic Skand	545	......
CopHandelsbank	253	+4
D. Sukkerfab	575	—5
Danske Bank	243	+3
East Asiatic	174	+4
Forenede Brygg	730	—10
Forenede Damp	95	—3
GNT Hldg	393	......
I.S.S.B.	400	—5
Jyske Bank	473	+4
Novo Ind	1,870	......
Privatbanken	225	+2
Provinsbanken	313	......
Smidth (F)	222	......
Sophus Berend	895	......
Superfos	425	+7

FRANCE

Oct. 11	Price Frs.	+ or —
Emprunt 4½% 1973	1,715.5	—0.5
Emprunt 7% 1973	9,060	—2
CNE 3%	3,890	+73
Air Liquide	559	+8
BIC	512	+3
Bouygues	639	—1
BSN Gervais	2,580	+20
CIT-Alcatel	1,225	—28
Carrefour	1,685	+4
Club Mediter'n	1,064	—16
CFAO	671	......
Cie Bancaire	563	—37
Cofimeg	220	......
Darty	1,100	......
Dumez S.A.	705	+8
Eaux (Cie Gen)	558	+11
Elf-Aquitane	254.5	—1.6
Gen. Occidentale	680	—2
Imetal	91	+1
Lafarge Coppee	376	+4
L'Oreal	2,585	......
Legrand	2,088	+7
Maisons Phenix	159	—0.5
Matra S.A.	1,780	—25
Michelin B	882	—16
Midi (Cie)	1,760	—10
Moet-Hennessy	1,845	—28
Moulinex	97.95	—0.05
Nord Est	61.2	+0.3
Pernod Ricard	750	—37
Perrier	514	—12
Petroles Fra.	222.5	+0.5
Peugeot S.A.	213	—1
Poclain	64.5	—3.5
Printemp.Aus	169.9	+1.8
Radiotech	234.8	—0.2
Redote	1,210	+18
Rousel-Uclaf	1,710	+10
Sefimeg	251.1	+1.1
SkisRossignol	1,675	+40
Telemech Elect.	1,800	......
Thomson CSF	593	+1
Valeo	238.5	+0.6

GERMANY

Oct. 11	Price Dm.	+ or —
AEG-Telef	112.5	+1
Allianz Vers	995	+1
BASF	168.8	+2.4
Bayer	180.5	+3
Bayer-Hypo	295	+1
Bayer-Verein	331	—0.5
BHF-Bank	263	+1
BMW	384	+1.5
Brown Boveri	202	+4.5
Commerzbank	166.5	+0.3
Cont'l. Gummi	125	+0.3
Daimler-Benz	590	+7
Degussa	377	+1
D'sche Babcock	159.5	—2.5
Deutsche Bank	369.3	+1.8
Dresdner Bank	169.2	+0.7
GHH	165.5	+0.4
Hochtief	475	—1
Hoechst	181.0	+3.1
Hoesch Werke	104.5	+0.2
Holzmann (P)	380.0	......
Horten	171	+2
Kali und Salz	239.0	+1
Karstadt	232.5	+2.8
Kaufhof	220.5	—1.5
KHD	251.8	+2.5
Kloeckner	64.5	+0.3
Krupp	87	+1.5
Linde	381	+5.8
Lufthansa	152.0	—2
MAN	156	+2
Mannesmann	155.8	—0.2
Mercedes Hld	521	+8
Metallgesell	223.0	—1.5
Munech Rueck	1,200	......
Preussag	259.5	—0.5
Rhein West Elect	164.5	—0.2
Rosenthal	348	+2.8
Schering	400	+3.5
Siemens	448.2	+1.4
Thyssen	78	+1
Varta	171	—2
Veba	171	+0.5
V.E.W.	119.7	—0.5
Verein-West.	295	—1
Volkswagen	183.6	+4.6

ITALY

Oct 11	Price Lira	+ or —
Banca Com'le	16,200	......
Bastogi-IRBS	110	+1.25
Centrale	1,845	—25
Credito Varesino	3,700	+30
Fiat	1,710	—18
Finsider	51.5	+1.5
Generali Assicur	30,500	—500
Invest	2,641	+4
Italcementi	52,700	+500
Montedison	1,176	—2
Olivetti	6,000	—167
Pirelli Co	2,995	—4
Pirelli Spa	1,730	—29
Snia BPD	1,781	—9
Toro Assic	11,375	—115
do. Perf	8,300	—100

NETHERLANDS

Oct. 11	Price Fls	+ or —
ACF Holding	188	+2
AEGON	127	+1
Ahold	191.2	+0.3
AKZO	97	+1
ABN	347.5	+3
AMEV	180.5	+2.5
AMRO	65	+1
Bredero Cert	160	......
Bos Kalis Westm	12.9	+1.8
Buehrmann-Tet	65.7	—0.7
Calland Hldgs	32.8	+0.8
Credit Lyon'is Bk	60.8	+1.2
Elsevier-NDU	106.2	+2.2
Gist Brocades	167.8	+1.3
Heineken	141.3	+3.5
Hoogovens	63.8	+0.2
Hunter Douglas	31.5	+0.5
Int Mueller	40.1	—0.2
KLM	39.9xc	+1
Naarden	49	+0.6
Nat Ned Cert	236.5	+1
Ned Mid Bank	151	+1
Nedlloyd	153	+2.3
Oce Grinten	258	+1
Ommeren (Van)	27.5	+0.3
Pakhoed	58.5	......
Philips	53.8	+0.1
Rijn-Schelde	1.6	......
Robeco	67	—0.3
Rodamco	134.8	+0.2
Rolinco	64.8	—0.2
Rorento	209.8	......
Royal Dutch	175.7	—0.5
Unilever	290.2	+0.2
VMF Stork	133	......
VNU	189	—1
West Utr Bank	101	+0.5

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Oct. 11	Price Kroner	+ or —
Bergens Bank	146	......
Borregaard	268.0	......
Christiania Bank	141	—4
DenNorske Cred	147.5	......
Elkem	110	—1
Norsk Data	333	—4.5
Norsk Hydro	127xa	+3.5
Storebrand	176	......

SPAIN

Oct. 11	Price Pta%	+ or —
Bco Bilbao	360	—1
Bco Central	369	—3
Bco Exterior	221	—1
Bco Hispano	245	—5
Bco Santander	333	—4
Bco Vizcaya	446	—4
Dragados	178	—3.7
Hidrola	76.3	—1.5
Iberduero	85.2	—1
Petroleos	166	+0.8
Telefonica	100.5	—0.5

SWEDEN

Oct. 11	Price Kronor	+ or —
AGA	348	+3
Alfa-Laval	193	+4
ASEA (Free)	357	—3
Astra (Free)	378	+15
Atlas Copco	104	—1
Boliden (Free)	365	......
Cardo (Free)	248	+3
Cellulosa	127	+4
Electrolux B	240	......
Ericsson	341	......
Esselte	312	......
Mo Och Domsjo	310	+8
Pharmacia	208	+3
Saab Scania Free	615	......
Sandvik	395	......
Skandia	305	+4
Skan Enski'da	53.5	......
SKF	164	+2
St Kopparberga	190	+5
Sven Handlesbn	172	......
Swedish Match	237	+3
Volvo B (Free)	239	+2

SWITZERLAND

Oct. 11	Price Frs.	+ or —
Alusuisse	735	—11
Bank Leu	3,660	+10
Brown Boveri	1,330	......
Ciba Geigy	2,455	+5
do. (Part Certs)	1,935	+10
Credit Suisse	2,230	......
Elektrowatt	2,465	+15
Fischer (Geo.)	685	+5
Genevoise	3,500	......
Hoff-RochePtCts	91,500	+250
Hoff-Roche 1/10	9,150	......
Jacobs Suchard	5,875	—25
Jelmoli	1,840	......
Landis & Gyr	1,495	+15
Nestle	5,260	+10
Oer-Buehrle	1,235	—10
Pirelli	265	+1
Sandoz (Br)	7,025	+75
Sandoz (PtCts)	1,100	—5
Schindler (PtCts)	585	—15
Swissair	976	......
Swiss Bank	345	+1
Swiss Reinsce	7,375	+100
Swiss Volksbk	1,445	+10
Union Bank	3,415	—5
Winterthur	2,985	+15
Zurich Ins	17,100	......

AUSTRALIA

Oct. 11	Price Aust $	+ or —
ANZ Group	4.83	......
Acrow Aust	1.75	......
Alliance Oil Dev	0.98	......
Ampol Pet	1.7	......
Aust Cons Ind	1.92	+0.04
Aust. Guarantee	2.98	+0.03
Aust. Nat. Inds	2.52	+0.02
Aust. Paper	2.4	+0.08
Bell Group	5.3	......
Bond Corp Hldgs	1.45	......
Boral	3.3	+0.01
Bougainville	1.7	—0.04
Brambles Inds	3.6	+0.01
Bridge Oil	2.75	......
B.H. Prop	10.3	......
CRA	4.95	+0.1
CSR	3.08	+0.04
Carlton Utd	4.30	......
Castlemaine Tys.	4.8	+0.05
Coles (G.J.)	4.1	......
Comalco "A"	2.2	......
Consolidated Pet	0.4	—0.01
Costain Aust	1.4	......
Dunlop Aust	1.8	—0.3
E.Z. Inds	5.4	......
Elders IXL	4.42	+0.04
Energ Res	1.63	+0.03

AUSTRALIA (continued)

Oct. 11	Price Aust. $	+ or —
Gen Prop Trust	2.35	+0.1
Hardie (James)	5.45	+0.05
Hartogen Energy	2.2	—0.05
Herald W'yTimes	4.02	+0.07
ICI Aust.	2.18	+0.03
Jimberlana F.P.	0.3	+0.02
Kia Ora Gold	0.13	—0.01
Lend Lease	6.5	+0.1
MIM	2.9	+0.05
Mayne Nickless	3.82	—0.03
Meekatharra	0.85	—0.05
Myer Emporium	1.82	+0.02
Nat. Aust. Bank	3.34	......
News	9.8	+0.1
Nicholas Kiwi	3.92	......
North Bkn Hill	2.30	......
Oakbridge	0.82	......
Otter Expl	0.43	—0.01
Pancont'l	1.16	+0.04
Pioneer Conc	1.7	+0.02
Queensland Coal	1.17	+0.01
Reckitt & Coln.	2.85	......
Repco	1.17	+0.01
Santos	6.82	—0.02
Smith (Howard)	3.9	+0.02
Southland Min'g	0.27	......
Spargos Expl	0.37	—0.03
Thos. Natwide	1.88	+0.03
Tooth	5.5	......
Vamgas	3.9	+0.05
Western Mining	3.17	+0.03
Westpac Bank	3.8	+0.04
Woodside Petrol	1.19	+0.01
Woolworths	2.7	......
Wormald Intl	2.93	+0.01

HONG KONG

Oct. 11	Price H.K.$	+ or —
Bank East Asia	19.6	—0.3
Cheung Kong	7.9	—0.05
China Light	14.0	......
Hang Lung Devel	2.42	—0.05
Hang Seng Bank	34.75	—0.25
HK Electric	5.9	......
HK Kowloon Wh	3.9	......
HK Land	2.97	—0.05
HK Shanghai Bk	6.6	—0.05
HK Telephone	42.75	—0.75
Hutchison Wpa	12.5	—0.1
Jardine Math	7.1	......
New World Dev	3.6	—0.02
Orient O'seas	2.55	......
Oseas Trust Bk	2.8	......
SHK Props	6.9	......
Swire Pac A	18.1	......
Wheel'k Mard A	3.57	—0.05
Wheel'k M'time	1.46	......
World Int. Hldgs.	2.17	+0.05

JAPAN

Oct. 11	Price Yen	+ or —
Ajinomoto	1,110	......
Alps Electric	2,360	—40
Amada	1,210	—60
Asahi Chem	560	+35
Asahi Glass	832	—5
Bridgestone	566	—16
Canon	1,510	......
Casio Comp	1,630	+50
Chugai Pharm	1,080	—10
Citizen	601	—13
Daiei	645	......
Dai Nippon Ptg	1,020	+23
Daiwa House	504	+4
Ebara	319	+1
Eisai	1,370	......
Fanuc	12,300	+100
Fuji Bank	960	—60
Fuji Film	1,660	—20
Fujisawa	1,060	......
Fujitsu	1,400	—10
Green Cross	1,680	—10
Hasegawa	382	—3
Heiwa Real Est	546	—1
Hitachi	857	—5
Hitachi Credit	1,020	—10
Honda	1,280	+10
House Food	720	+10
Hoya	2,420	......
Itoh (C)	279	......
Ito. Yokado	2,260	+70
Iwatsu	1,540	+20
JACCS	327	+1
JAL	4,310	+70
Jusco	792	......
Kajima	268	—2
Kao Soap	778	—8
Kashiyama	620	+15
Kirin	682	+2
Kokuyo	930	......
Komatsu	457	......
Konishiroku	586	—1
Kubota	326	—2
Kumagai	430	—5
Kyoto Ceramic	7,200	+50
Maeda Const	443	—1
Makino Milling	1,410	—60
Makita	1,070	+20
Marubeni	285	—7
Marudai	506	+13
Marui	1,040	+10
MEI	1,820	......
M'ta Elec Works	623	—9
M'bishi Bank	980	—10
M'bishi	507	—3
M'bishi Elec	417	—3
M'bishi Estate	469	—1

JAPAN (continued)

Oct. 11	Price Yen	+ or —
MHI	231	—4
Mitsui Co	321	......
Mitsui Estate	553	+11
Mitsukoshi	380	—10
NGK Insulators	870	—10
Nihon Cement	198	—2
Nippon Denso	1,460	—20
Nippon Elec	1,250	......
Nippon Express	300	......
Nippon Gakki	1,460	+140
Nippon Kokan	138	+1
Nippon Oil	891	—18
Nippon Seiko	595	+14
Nippon Shimpan	500	—10
Nippon Steel	145	......
Nippon Suisan	325	+8
NTV	11,210	—200
Nippon Yusen	216	—4
Nissan Motor	600	—1
Nisshin Flour	470	—4
Nisshin Steel	156	—1
Nomura	724	—9
Olympus	1,380	+20
Orient Leasing	3,350	—50
Pioneer	2,410	......
Renown	620	+1
Ricoh	960	—8
Sankyo	915	+5
Sanyo Elect	515	—1
Sapporo	375	......
Sekisui Prefab	673	+2
Seven-Eleven	8,750	+10
Sharp	1,130	—10
Shimadzu	638	+8
Shionogi	691	......
Shiseido	1,190	—10
Sony	3,600	—40
Stanley	1,160	+80
S'tmo Bank	1,080	—50
S'tomo Elect	895	—10
S'tomo Marine	465	—11
S'tomo Metal	148	—1
Taihei Dengyo	449	+11
Taisei Corp	193	—4
Taisho Pharm	943	+13
Takeda	832	+24
TDK	5,260	—20
Teijin	414	—9
Teikoku Oil	699	—5
Tokyo Marine	625	—5
TBS	767	—6
Tokyo Elect Pwr.	1,120	—22
Tokyo Gas	147	—2
Tokyo Sanyo	731	—4
Tokyo Style	744	—22
Tokyu Corp	263	+2
Toppan Print	858	—2
Toray	418	—2
Toshiba Elect	449	......
TOTO	682	—8
Toyo Seikan	783	+3
Toyota Motor	1,340	......
Victor	2,100	—30
Wacoal	765	—10
Yamaha	659	—1
Yamanouchi	1,710	+20
Yamazaki	633	+3
Yasuda Fire	321	......
Yokogawa Bdge.	410	+5

SINGAPORE

Oct. 11	Price $	+ or —
Boustead Hldgs	1.94	—0.01
Cold Storage	2.96	......
DBS	6.75xa	—0.15
Fraser & Neave	5.5	+0.05
Genting	6.0	—0.05
Haw Par. Bros	2.1	—0.01
Inchcape Bhd.	2.48	—0.01
Keppel Shipyard	2.79	......
Malay Banking	8.45	—0.05
Malay Brews	6.9	......
Multi Purpose	1.01	......
OCBC	9.35	—0.05
OUB	3.14	......
Sime Darby	1.98	+0.01
Straits St'mship	1.45	+0.27
Straits Trdg	5.0	+0.04
UOB	4.5	+0.04

SOUTH AFRICA

Oct. 11	Price Rand	+ or —
Abercom	1.36	—0.08
AE&CI	7.5	......
Anglo Am Coal	36.5	......
Anglo Am Corp	23.5	......
Anglo Am Gold	161.75	+2.25
Barclays Bank	16.25	......
Barlow Rand	10.35	—0.15
Buffels	62	+0.25
CNA Gallo	2	......
Currie Finance	3.5	+0.05
De Beers	8.68	—0.05
Driefontein	50.75	+0.2
FS [illegible]	55	......
Gold Fields SA	28.5	......
H[illegible]veld Steel	4.6	......
Nedbank	12.25	+0.25
OK Bazaars	12.90	+0.05
Protea Hldns	1.6	......
Rembrandt	25.25	......
Rennies	12.65	—0.1
Rust Plat	15.70	—0.05
Sage Hldgs	7.20	—0.05
SA Brews	6.10	+0.1
Smith (CG)	18	—0.05
Tongaat Hulett	6.95	......
Unisec	4.5	......

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 44

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Tr. 2½pc i/l '16	£94¼	+£1⅞
Aero and Gen.	345	+30
Ashley Ind. Trust	20	+4
AB Foods	182	+8
Avana	470	+17
BAT	270	+8
Bailey (CH)	30¼	+2½
Bellway	138	+10
Dalgety	438	+12
Empire Stores	92	+6
Equity & Law	205	+7
Hanover Invs.	130	+7
Hanson Trust	248	+7
House of Fraser	292	+6
Ibstock Johnsen	268	+10
Kent (mp)	66	+17
LCA	155	+9
Lonrho	157	+9
Pentland	236	+13
Tate & Lyle	408	+10
Vickers	179	+5
Westwood Dawes	27	+6
Sons of Gwalia	55	+4

FALLS

Ex. 12pc '13-17	£120	—£⅞
Farnell Elec.	176	—9
Ruberoid	200	—15
Telephone Rtls.	212	—18
Bryson O&G	270	—30
Eglinton O&G	76	—26
Osceola Hydro	85	—20

CANADA

TORONTO

Closing prices October 11

MONTREAL

Closing prices October 11

Indices

	Oct. 11	Oct. 10	Oct. 9	Oct. 8	1984 High	1984 Low
AUSTRALIA						
All Ord. (1/1/80)	746.4	742.3	742.6	745.3	787.9 (9/1)	646.5 (18/6)
Metal & Minls. (1/1/80)	448.8	445.2	448.6	455.1	557.4 (5/1)	404.9 (24/7)
AUSTRIA						
Credit Aktien (2/1/62)	56.27	56.25	56.21	56.16	56.51 (5/10)	56.20 (15/6)
BELGIUM						
Belgian SE (31/12/63)	162.64	161.28	162.13	161.89	165.58 (14/9)	135.28 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	169.77	168.01	170.82	172.45	225.21 (20/1)	167.1 (2/10)
FRANCE						
CAC General (31/12/82)	182.1	182.0	181.7	181.6	182.1 (11/10)	155.6 (3/1)
Ind Tendance (30/12/83)	117.3	117.7	117.6	117.8	117.8 (8/10)	99.4 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	366.04	366.23	366.75	366.24	370.84 (2/2)	317.17 (25/7)
Commerzbank (1/12/53)	1070.2	1066.5	1069.0	1068.1	1096.5 (2/2)	917.7 (25/7)
HONG KONG						
Hang Seng Bank (31/7/64)	979.78	983.15	992.38	985.50	1170.35 (13/3)	746.02 (13/7)
ITALY						
Banca Comm Ital. (1972)	211.50	(u)	210.75	210.62	229.57 (1/2)	182.06
JAPAN**						
Nikkei-Dow (16/5/49)	10696.9	(c)	10668.7	10676.9	11,190.17 (4/5)	9703.35 (25/7)
Tokyo SE New (4/1/68)	828.68	(c)	850.76	855.11	878.82 (2/4)	730.45 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	178.2	177.6	177.0	176.2	178.8 (1/2)	148.8 (24/7)
ANP-CBS Indust (1970)	140.0	158.7	158.3	157.1	147.2 (1/2)	119.7 (18/6)
NORWAY						
Oslo SE (4/1/83)	254.19	254.65	256.10	257.40	296.78 (8/5)	221.67 (4/1)
SINGAPORE						
Straits Times (1966)	857.14	857.65	856.59	858.62	1071.91 (8/2)	856.69 (9/10)
SOUTH AFRICA						
Gold (1958)	(u)	(c)	1014.3	1015.8	1076.6 (5/6)	758.7 (24/1)
Industrial (1958)	(u)	(c)	858.4	859.4	1105.3 (26/3)	855.5 (19/6)
SPAIN						
Madrid SE (30/12/83)	149.92	151.05	153.39	154.51	154.51 (8/10)	101.02 (5/1)
SWEDEN						
Jacobson & P. (1/1/58)	1462.62	1451.58	1448.99	1451.67	1584.5 (8/2)	1,338.99 (29/6)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	375.8	375.6	375.5	375.0	388.5 (5/1)	354.5 (25/7)
WORLD						
Capital Intl. (1/1/70)	—	190.3	189.4	191.0	198.6 (5/5)	184.5 (24/7)

** Saturday October 6: Japan Nikkei-Dow 10,711.0. TSE 836.32.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 35

LONDON STOCK EXCHANGE

MARKET REPORT

Equities advance awaiting news of miners' talks

Index-linked Gilts strong again

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 1	Oct 11	Oct 12	Oct 22
Oct 15	Oct 25	Oct 26	Nov 5
Oct 29	Nov 8	Nov 9	Nov 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

Equity investors in London showed few inhibitions awaiting news of the crucial miners' talks which began yesterday at the Advisory Conciliation and Arbitration Service. Some were hopeful of a settlement of the protracted pit dispute, but there was little doubt that the main force behind the rise in equity values stemmed from an undercurrent of interest rate optimism.

September's monetary statistics have deferred lower base lending rates, but the market is still hopeful of a reduction before the year end. Leading shares were bought on a selective basis with the accent largely on companies soon to report trading statements.

Stocks considered to be potential takeover targets were also favoured, particularly those in the Food sector following Unilever's success in gaining control of Brooke Bond. The defeated original bidder, Tate and Lyle, attracted substantial support as speculators changed their view of the group from predator to that of possible prey.

Stock shortages occasionally accelerated the advance in both leading and secondary issues and by mid-afternoon the market looked set for a useful rise. In the after-hours' trade, however, the tone softened despite firmer Wall Street prices and speculation concerning the miners' talks. After showing a rise of 5.6 at 2.00 pm, the FT Industrial Ordinary share index closed 3.8 up at 870.6.

Index-linked Gilts prospered again, often at the expense of conventional stocks. Persisting worries about UK inflation triggered renewed hedging demand and, with little stock available, some issues rose two points before settling a touch off the best. Treasury 2½ per cent 2016 scored the largest gain, closing 1½ up at 94½. Longer-dated conventional Gilts were sold and ended a maximum of ⅜ lower, but shorter maturities were only fractionally easier on balance.

Equity and Law rise

Takeover speculation again spurred Life Insurances. Rumours of an imminent bid from Citicorp of the U.S. caused Equity and Law to advance steadily and close 7 higher at 205p. Sun Life touched 687p before ending 10 better at 683p, while Pearl rose 18 to 885p. London and Manchester firmed 5 to 575p and Prudential hardened a few pence to 473p. Hambro Life's interim figures were deemed uninspiring and the shares remained at the overnight level of 415p. Elsewhere, Lloyds Brokers were selectively supported on consideration of the sector's dollar earnings potential. Willis Faber stood out with an advance of 18 to 953p.

Comment on the sale of Crocker National Corporation's headquarters in San Francisco for $358m cash helped Midland edge forward a couple of pence more to 357p. Lloyds added 6 at 493p but NatWest slipped 4 to 548p. Among Foreign issues, Standard Chartered put on 15 to 490p, but Commerzbank lost that much to 870p. Compagnie Bancaire closed 2½ points lower at £49; the group has launched a twin issue of domestic bonds totalling 2.2bn francs.

Electrical equipment manufacturer Stone International staged a successful market debut; the shares attracted a lively business and moved up from the opening level of 139p to touch 142p before settling at 141p, compared with the offer-for-sale price of 125p.

Significant movements in Buildings often concerned situation stocks. Revived takeover rumours lifted William Leech 8 to 132p, while sudden demand left Bellway 10 higher at 136p; the latter's annual results are due around the middle of next month. John Finlan, which recently announced the disposal of two major property developments and the sale of its stake in Linwood Kilgour, rose 10 to 85p. Brickhouse Dudley, another takeover hopeful, firmed 4 to a 1984 peak of 67p, while Benford Concrete Machinery, in which London and Midland Industrials hold a 29.9 per cent stake, added 3 at 69p. Ibstock Johnsen continued to respond to the interim results and moved up another 10 to 268p, but Roberts Adlard shed 5 to 113p on disappointing half-year figures. John Maunders closed a penny dearer at 116p, after 118p, following better-than-expected annual profits, but Ruberoid fell 15 to 200p; the latter's interim profits were adversely affected by its loss-making subsidiary Camrex, which it acquired in June, 1983.

ICI drew fresh support on currency considerations and touched a 1984 peak of 672p prior to closing a net 6 up at 672p: the third-quarter figures are due on October 25. Among other Chemicals, Leigh Interests gained 4 to 100p following Press comment.

Fraser at new high

An uninspiring session in leading Retailers was enlivened after-hours by fresh rumours concerning the eventual destination of Lonrho's near-30 per cent stake in House of Fraser; the later advanced 6 to a new high of 292p amid strong rumours that Lonrho, 9 dearer at 157p, had placed the holding with Sears Roebuck of the U.S. The Monopolies Commission is due to report on the long-running saga towards the end of November. With the exception of Woolworth, up another 5 at 527p, the leaders drifted lower with Marks and Spencer a couple of pence cheaper at 114p, after cautious comment. Profit-taking left Burton 6 lower at 307p.

A couple of pence easier after news of the expected recovery in first-half profits and return to the interim dividend list, Empire advanced sharply in late trading to close a net 6 up at 92p on the announcement that GUS had placed just over 5m shares in Empire with Dutch concern Vroom and Dreesman at 97p per share; GUS now controls around 12.7 per cent of the Bradford-based mail-order house. Grattan, 118p, and Freemans, 122p, firmed 6 and 2 respectively. Ward White fell 5 to 141p, the market having discounted the 48 per cent interim profits expansion. House of Lerose gave up 6 for a two-day decline of 18 to 120p on further consideration of the disappointing mid-term statement.

Telephone Rentals became a dull market in Electricals, falling 18 to 212p, after 208p, on acue disappointment with the interim results. Farnell Electronic's half-year figures were deemed more satisfactory but the shares succumbed to profit-taking and closed 9 down at 176p. Druck, on the other hand, rose 13 to 248p in response to the annual profits upsurge, while AirCall advanced 22 to 430p on buying ahead of next Tuesday's first-half figures. Still drawing strength from an investment recommendation, Renishaw put on 5 more to 288p and Arlen revived with a gain of 5 to 52p. Cable and Wireless stood out among the leaders with a rise of 7 to 362p.

Engineering leaders made useful progress. Vickers moved up 5 to 179p and TI, still recovering from the shock of last week's profits warning, rallied 4 more to 196p. Hawker hardened a penny further to 454p; the interim figures are due next Wednesday. Elsewhere, John Brown, bolstered recently by news of two Chinese contracts totalling £7m, firmed 2 afresh to 26p, after 28p. Westwood Dawes jumped 6 to 27p on the capital injection and C. H. Bailey rose 2½ to 30½p after revived speculative buying; the North East Essex Building Company has increased its stake in the company to 3m shares. Babcock International found support at 140p, up 7, while Delta advanced 4 to 86p on revived bid hopes.

Unilever's victory in the Brooke Bond skirmish sparked a fresh wave of speculative buying of Tate and Lyle which touched 412p prior to closing a net 10 up at 408p. T and L are now thought to be a takeover target for Dalgety; the latter were also a good market at 438p, up 12, following an investment recommendation. Rowntree Mackintosh, at 338p, lost a couple of pence of the previous day's gain of 14, but Ranks Hovis McDougall continued to attract attention and added 2 more at 102p. Recently-overlooked Associated British Foods revived with a gain of 8 to 182p, while United Biscuits rose 6 to 157p. Elsewhere, buying in a restricted market lifted Avana 17 to 470p. Against the trend, USM-quoted Canvermoor remained on offer and shed 7 to a low for the year of 78p.

Hanson Trust good

Hanson Trust rose 7 to 246p on a chart "buy" signal and featured an otherwise lethargic miscellaneous industrial sector. Publicity given to a broker's circular helped recent bid favourite Pentland advance 13 more to 235p, while Ashley Industrial Trust rose 4 to 20p on reports of a substantial share stake in the company changing hands. Takeover speculation lifted AGI 30 more to 345p in a thin market. Press comment prompted improvements of 3 and 7 respectively in Inter-City, 38p, and Hanover Investments, 130p. Photo-Me jumped 20 to 790p after the annual results, while Smiths Industries gained 12 to 628p ahead of the forthcoming preliminary figures. Evode added 5 to 115p and Hawley appreciated 3 at 85p, but London and Northern Securities, at 79½p, lost 3½ of Wednesday's rise of 4½; the latter's half-year figures are scheduled for October 23.

London and Continental Advertising, which revealed increased first-half profits on Tuesday, spurted 9 to a new high of 155p; brokers de Zoete and Bevan weer recently bullish of the shares and yesterday paid a visit to the company.

Selected Property issues moved ahead quite sharply on the reappearance of buyers. Land Securities were a particularly firm counter and gained 12 to a 1984 peak of 310p, while Peachey attracted support ahead of next Tuesday's annual results and closed 5 up at 232p.

Scottish, English and European Textiles hardened 3 more to 110p for a rise of 15 so far this week following a newsletter recommendation. Illingworth Morris touched 44p before reverting to the overnight 42p on the sale for £1.64m of its Pepper Lee worsted cloth operation to John Foster, a penny up at 51p.

Tobaccos closed firmer for choice, but below the best levels. Bats rose 8 to 270p, after 273p, while Imps touched 172p before finishing 2 up on balance at 170p. Rothmans, however, remained unsettled by a broker's bearish circular and eased 2 more to 155p.

Irish oils slump

Traditionally sensitive Irish exploration issues were volatile following a drilling report from Eglington Oil's latest exploration venture in Colombia. News that the company's current well in that country had reached target depth — apparently without encountering oil shows — saw Eglinton Oil slump to 75p in initial dealings. Thereafter, the quotation moved within a narrow range prior to settling a net 26 lower at 77p. Eglinton's associate company, Oscelo Hydrocarbons, were equally depressed and dropped 20 to a year's low of 85p, while Bryson Oil — also involved in oil exploration in Colombia — followed Wednesday's decline of 30 with a similar loss at 270p. Atlantic Resources, heavily traded in recent days amid strong rumours of an oil discovery in the Celtic Sea, fell back to 112p, but subsequently rallied to end the day only 2 cheaper at 120p.

Golds steadier

The recent decline in South African Golds and Financials was arrested by a minor rally in the bullion price. The latter gradually improved throughout the day — despite early firmness in the dollar — and closed a net $1.5 higher at $339.25 an ounce.

Golds opened on a firm note, reflecting overnight American buying i nthe wake of slightly easier domestic interest rates, but encountered renewed European and Johannesburg selling in mid-morning. However, the afternoon trading brought further U.S. interest and most issues ended the day with minor gains on balance. The Gold Mines index edged up 0.3 to 556.2, its first improvement for six trading days.

Financials made modest progress, mainly reflecting the upturn in domestic equities and a firm showing by the bullion price. Rio Tinto-Zinc closed 8 to the good at 600p, Consolidated Gold Fields put on 5 to 568p and Charter rallied from an initial 217p to close a fraction better on balance at 230p.

Australian mines were highlighted by good gains in leading diversified issues following stronger Sydney and Melbourne markets overnight. Peko-Wallsend rose 8 to 344p and CRA 6 to 336p, while Western Mining
A livelier session in London
put on 2 to 214p,
equities stimulated increased demand for Traded Options. Total contracts struck amounted to 4,109.

FINANCIAL TIMES STOCK INDICES

	Oct. 11	Oct. 10	Oct. 9	Oct. 8	Oct. 5	Oct. 4	Year ago
Government Secs	80.46	80.70	80.76	80.98	81.00	80.82	81.06
Fixed Interest	84.50	84.52	84.71	84.77	84.70	84.51	84.44
Industrial Ord	870.6	866.8	866.2	866.6	863.2	857.8	686.0
Gold Mines	556.2	555.9	557.6	561.8	575.9	578.0	548.9
Ord. Div. Yield	4.86	4.88	4.88	4.84	4.85	4.88	4.94
Earnings, Yld.% (full)	11.60	11.65	11.65	11.55	11.56	11.65	9.78
P/E Ratio (net) (*)	10.34	10.29	10.29	10.40	10.39	10.31	12.80
Total bargains (Est.)	18,768	18,846	19,422	18,220	18,176	18,611	19,695
Equity turnover £m.	—	378.67	259.51	245.41	303.75	261.54	245.09
Equity bargains	—	16,450	16,609	16,471	16,051	135,00	16,923
Shares traded (ml)	—	258.2	141.4	129.7	156.3	150.2	136.2

10 am 868.4. 11 am 868.8. Noon 870.2. 1 pm 871.6.
2 pm 872.4. 3 pm 872.2.

Basis 100 Govt. Secs. 15/2/26. Fixed Int. 192. Industrial 1/7/35.
Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=9.92.

HIGHS AND LOWS

—	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int.	87.48 (14/3)	80.43 (30/7)	155.4 (28/11/47)	50.03 (31/1/75)
Ind. Ord.	922.8 (3/5)	755.3 (23/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	485.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 10	Oct. 9
Daily Gilt Edged Bargains	147.0	147.4
Equities Bargains	106.6	107.6
Value	765.4	624.5
5-day Average Gilt Edged Bargains	149.8	150.3
Equities Bargains	104.8	103.6
Value	885.7	634.5

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thur Oct 11 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Wed Oct 10 Index No.	Tues Oct 9 Index No.	Mon Oct 8 Index No.	Fri Oct 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (205)	527.03	−0.1	9.74	3.83	12.85	527.57	528.69	528.35	528.27	433.45
2	Building Materials (23)	463.53	+0.1	13.94	5.22	8.89	463.11	462.61	461.73	468.86	427.25
3	Contracting, Construction (30)	673.22	+0.1	13.83	5.78	9.11	672.41	669.70	670.99	664.60	685.20
4	Electricals (13)	1564.79	−0.1	10.52	4.81	11.87	1566.68	1563.91	1556.22	1563.04	1559.81
5	Electronics (34)	1948.00	−0.5	7.24	2.17	17.66	1957.51	1971.27	1973.82	1977.67	0.0
6	Mechanical Engineering (62)	263.23	+0.5	12.26	4.79	9.74	261.88	261.60	260.06	258.15	187.19
8	Metals and Metal Forming (9)	157.63	+0.5	14.53	8.31	8.63	156.91	155.96	156.28	157.17	151.65
9	Motors (17)	133.16	+0.6	10.84	5.07	—	132.34	132.01	132.51	133.40	111.25
10	Other Industrial Materials (17)	709.03	−0.3	6.90	3.82	17.94	711.23	711.72	711.59	712.08	528.60
21	CONSUMER GROUP (190)	544.03	+0.6	10.65	4.22	11.51	540.69	539.70	540.34	537.20	420.28
22	Brewers and Distillers (23)	508.03	+0.1	12.87	4.99	9.51	507.47	505.58	506.89	508.04	420.04
25	Food Manufacturing (21)	434.50	+1.8	13.11	5.11	9.45	426.86	422.01	419.59	417.22	340.54
26	Food Retailing (11)	1284.31	+0.8	7.16	2.59	18.47	1274.60	1275.97	1276.94	1270.24	972.37
27	Health and Household Products (9)	925.04	+0.3	6.17	2.85	19.16	922.58	926.95	923.68	930.45	694.47
29	Leisure (23)	583.97	+0.4	9.24	5.26	14.18	581.46	581.56	585.37	580.93	552.85
32	Newspapers, Publishing (13)	1304.41	+0.2	9.16	4.87	14.15	1301.39	1296.38	1289.87	1281.95	940.88
33	Packaging and Paper (14)	256.67	+0.9	14.15	5.43	8.16	254.41	252.15	251.00	249.71	191.45
34	Stores (46)	475.83	−0.3	9.07	3.80	14.63	477.03	474.60	478.60	473.26	380.72
35	Textiles (19)	285.25	+0.7	13.32	4.81	8.67	283.26	282.01	279.75	279.84	202.27
36	Tobaccos (3)	731.58	+2.4	17.19	5.23	6.48	714.74	721.65	723.33	719.47	438.78
39	Other Consumer (8)	479.64	−0.2	14.08	4.44	—	480.79	480.79	481.47	481.72	429.30
41	OTHER GROUPS (88)	485.60	+0.6	10.31	4.28	12.09	482.51	482.37	480.19	479.50	385.61
42	Chemicals (17)	649.45	+0.6	13.68	4.87	9.33	645.73	643.66	640.78	640.70	564.42
44	Office Equipment (4)	139.36	−2.0	8.21	3.51	13.82	142.16	141.37	140.48	140.58	104.38
45	Shipping and Transport (13)	853.33	−0.1	9.96	5.66	12.81	854.57	863.48	859.70	857.49	745.81
46	Miscellaneous (54)	681.45	+1.0	8.12	3.55	14.96	674.53	674.86	671.86	670.28	494.48
49	INDUSTRIAL GROUP (483)	535.64	+0.4	10.30	4.11	12.08	533.54	533.37	533.18	531.43	423.94
51	Oils (17)	1103.33	−0.1	15.77	6.80	7.85	1104.45	1111.56	1120.65	1120.89	980.17
59	500 SHARE INDEX (500)	583.18	+0.3	11.19	4.54	11.05	582.36	581.81	582.41	580.83	470.65
61	FINANCIAL GROUP (118)	401.63	+0.6	—	5.49	—	399.04	399.08	398.62	396.47	312.94
62	Banks (6)	400.51	+0.4	21.44	7.22	5.82	398.84	397.57	395.26	392.38	322.80
63	Discount Houses (6)	443.64	−0.1	—	6.90	—	444.18	445.03	445.03	455.76	305.03
65	Insurance (Life) (9)	522.92	+0.9	—	5.13	—	518.41	519.20	515.13	513.79	435.90
66	Insurance (Composite) (8)	293.93	—	—	6.31	—	293.83	294.80	292.58	290.86	209.10
67	Insurance (Brokers) (6)	863.09	+0.9	8.72	4.01	15.98	855.80	851.13	849.96	839.94	543.02
68	Merchant Banks (12)	200.18	−0.7	—	5.19	—	201.63	201.42	207.28	207.08	186.61
69	Property (54)	617.80	+1.6	5.24	3.52	25.69	608.34	608.32	611.95	607.22	449.24
70	Other Finance (17)	252.07	+0.4	11.83	6.99	10.32	250.96	252.28	251.51	251.81	228.32
71	Investment Trusts (105)	538.78	+0.5	—	3.52	—	536.32	537.37	537.93	536.94	432.60
81	Mining Finance (4)	283.24	+1.2	10.97	5.36	11.51	279.98	281.39	281.64	283.31	267.67
91	Overseas Traders (14)	606.70	+1.7	9.70	6.40	12.73	596.50	599.38	602.57	604.68	478.46
99	ALL-SHARE INDEX (741)	537.15	+0.4	—	4.67	—	534.98	535.44	535.83	534.29	431.95
		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE 100 SHARE INDEX	1141.3	+4.8	1141.7	1136.2	—	1136.5	1136.6	1139.0	1135.2	

FIXED INTEREST

	PRICE INDICES	Thur Oct 11	Day's change %	Wed Oct 10	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	116.20	−0.01	116.20	—	9.13
2	5-15 years	127.96	−0.26	128.40	0.20	11.16
3	Over 15 years	137.08	−0.53	137.81	—	10.23
4	Irredeemables	149.33	−0.31	149.79	—	8.90
5	All stocks	126.98	−0.22	127.31	0.05	10.35
6	Debentures & Loans	107.98	−0.33	108.33	—	8.29
7	Preference	75.34	+0.05	75.28	—	5.55
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	107.97	+1.28	106.69	—	2.23

	AVERAGE GROSS REDEMPTION YIELDS		Thur Oct 11	Wed Oct 10	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.12	11.10	9.85
2		15 years	10.60	10.54	10.21
3		25 years	10.17	10.11	9.95
4	Medium Coupons	5 years	11.66	11.65	11.25
5		15 years	11.00	10.94	11.09
6		25 years	10.36	10.29	10.52
7	High Coupons	5 years	11.71	11.68	11.35
8		15 years	11.16	11.09	11.25
9		25 years	10.45	10.38	10.65
10	Irredeemables†		10.00	9.96	9.89
11	Debs & Loans	5 years	12.14	12.11	12.09
12		15 years	11.89	11.86	11.98
13		25 years	11.71	11.68	11.91
14	Preference		13.07	13.06	12.48
15	Inflation rate	5%	3.35	3.39	3.16
16		10%	3.21	3.30	2.99

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. ♦Corrected figures for 9/10/1984.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (87)

BRITISH FUNDS (9)
Treas 2pc 1988 IL; Do 2pc 1990 IL; Do 2pc 1996 IL; Do 2½pc 2001 IL; Do 2½pc 2003 IL; Do 2pc 2006 IL; Do 2½pc 2009 IL; Do 2½pc 2011 IL; Do 2½pc 2016 IL

AMERICANS (2)
City Inv; Pennzoil

CANADIANS (2)
BCE; Echo Bay Mines

BANKS (2)
Minster Assets; Ottoman Bank

BREWERS (3)
Bass; Whitbread A; Moray Firth Maltings

BUILDINGS (2)
Brickhouse Dudley; Ibstock Johnsen

CHEMICALS (1)
ICI

STORES (3)
Body Shop; House of Fraser; Grattan

ENGINEERING (3)
Tex Abrasives; Evered; Neill (James)

FOODS (6)
Argyll Grp; Meadow Farm Prod; Belam; Park Food; Fisher (A.); Unigate

HOTELS (1)
Ryan Hotels

INDUSTRIALS (14)
Abbey; Hanson Tst; Advance Services; Fisons; AGI; Do 8pcCavUnsLn 2004-09; Black Arrow; Celestion; Pentland Inds; Courtney Pope; Smiths Inds; Eastern Produce; Standard Fireworks

INSURANCE (2)
Britannic Assnce; Willis Faber

LEISURE (1)
First Leisure

PAPER (8)
Boase Massimi Pitt; E Lancs Paper; Bunzl; Good Relations; Carlton Cmmns; LCA Hldgs; DRG; Saatchi and Saatchi

PROPERTY (6)
Berkeley Grp; Lend Lease; Kent (M. P.); Peachey; Land Secs; W'minster & Country

TEXTILES (3)
Illingworth Morris A; Dawton Intnl; Sekers Intnl

TRUSTS (16)
Aberdeen Tst; Gen Consolidated; Altsa Inv; Grp Investors; Alliance Tst; Jove Inv Cap; Altifund Cap; Leda Inv Cap; Cambrian Gen Cap; Mid Wynd Intr Inv; Dualvest Cap; Scottish East Inv; Equity Consort; Scottish Mortgage; Fundinvest Cap; Trinlevest Cap

OILS (1)
Grt Westrn Resources

MINES (1)
Sons of Gwalia

NEW LOWS (20)

CANADIANS (1)
Pecos Resources

BANKS (1)
Mercury Secs

BUILDINGS (2)
Breedon Lime; Heywood Williams

STORES (1)
House of Lerose

ELECTRICALS (2)
Real Time Control; Wordplex

ENGINEERING (1)
Planet

FOODS (3)
Alpine Soft Drinks; Home Farm Prods; Canvermoor

INDUSTRIALS (4)
Barget; Fogarty; Consultants (Comp and Fin); Redfearn Natl Glass

OILS (2)
Moray Firth; Osceola Hydr'carbons

MINES (3)
Eagle Con; Asia Oil Mins; Swan Resources

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$350	92	4.60	70	14.50	—	—	$338.50
GOLD C	$375	2	1.40 A	29	8	—	—	"
GOLD C	$400	32	0.40	32	3.50	—	—	"
GOLD P	$325	15	3	5	5	10	7	"
GOLD P	$350	21	11	—	—	—	—	"
		Dec.		Mar.		June		
SILVER C	$7	11	0.55	27	0.75	2	1	$7.15
SILVER C	$8	—	—	127	0.39	—	—	"
SILVER C	$10	—	—	115	0.08	—	—	"
SILVER P	$7	69	0.15	—	—	5	0.30	"
SILVER P	$8	69	0.95	—	—	—	—	"
$/FL C	$325	33	24 A	—	—	—	—	$350.20
$/FL C	$335	5	17 A	—	—	—	—	"
$/FL C	$340	7	13	1	15 A	—	—	"
$/FL C	$345	48	9.80	—	—	—	—	"
$/FL C	$350	34	8 A	—	—	—	—	"
$/FL C	$355	244	5.80	—	—	—	—	"
$/FL P	$350	—	—	33	2.50	19	—	"
$/FL P	$315	—	—	10	5 B	—	—	"
$/FL P	$320	7	2.50	9	6.70	—	—	"
$/FL P	$325	7	3.60	25	7.50	—	—	"
$/FL P	$330	9	4.50 B	1	9 B	—	—	"
$/FL P	$335	7	6 B	12	11.20 B	—	—	"
$/FL P	$340	21	8.30	9	15.50 B	76	19.50	"
$/FL P	£350	504	12.80 B	—	—	—	—	"
$/DM P	$305	104	8	—	—	—	—	$310.88
£/$ C	£125	600	1.90	—	—	—	—	£122.30
£/$ P	£120	600	1.70	1	3.10 A	—	—	"
		Oct.		Jan.		Apr.		
ABN C	F.360	238	1.80	154	14.20	—	—	F.351
ABN P	F.320	—	—	105	5.80	7	11	"
AEGN C	F.120	24	7.80 A	112	11.70	10	15	F.128
AEGN P	F.100	—	—	60	0.50	—	—	"
AH C	F.200	11	0.10	12	6.50	5	11	F.191.30
AKZO C	F.100	492	0.50	960	5.30	259	7.90	F.97.30
AKZO P	F.80	—	—	142	0.80	40	1.70	"
AMRO C	F.65	104	0.90	159	4.90 A	54	6.50 A	F.65
AMRO P	F.60	65	0.10	132	2	5	3	"
GIST C	F.170	238	1.70	27	9.90	3	14.50	F169.50
GIST P	F.170	13	2.80 B	14	7.50 B	—	—	"
HEIN C	F.140	303	1.50	141	7.30	10	9	F.140
HEIN P	F.140	264	1.80	33	6	—	—	"
HOOG C	F.65	—	—	381	5.20	69	7.30 B	F.64.50
HOOG P	F.65	—	—	170	4.20	2	5.50 B	"
KLM C	F.40	2842	0.60	1367	3.80	252	5	F.39.90
KLM P	F.36	—	—	159	0.90	—	—	"
NEDL C	F.150	73	4.20	30	12	20	14.50	F.151.30
NEDL P	F.150	2	1	16	5.70	—	—	"
NATN C	F.240	—	—	59	7.40	8	10A	F.238
NATN P	F.240	—	—	6	7.50	—	—	"
NNO C	F.227.30	6	9.70	—	—	—	—	"
PEO C	Fr.6818.	31	1000	—	—	—	—	F.7770
PETR C	Fr.8000	—	—	59	280	21	580	"
PHIL C	F.50	523	4	948	5.70	224	7.30	F.54.30
PHIL P	F.50	51	0.10	117	1.50	41	2	"
PHO C	F.45.50	207	8.50	—	—	—	—	"
RD C	F.180	157	0.60	480	6.50	58	10	F.177.10
RD P	F.170	49	0.20	394	4.50	12	5.90	"
UNIL C	F.300	35	0.60 A	36	8.50	68	11.10	F.291.50
UNIL P	F.260	—	—	17	2.50	68	4.50	"

TOTAL VOLUME IN CONTRACTS: 33,988

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§116	F.P.	—	144	136	✠Addison Comms. 2p	144	+1	bg1.4	3.9	1.4	27.2
87	F.P.	—	93	89	Appledore (A.&P.) 10p	90	+1	bg4.57	2.3	7.3	8.6
§165	F.P.	30/10	212	198	✠Brit. Bloodstock	206	.....	g7.25	2.2	5.1	11.6
††	F.P.	—	£10⅝	£10⅜	Cal Fed Inc $1.00	£10⅜	.....	Q32c	—	2.5	—
‖	F.P.	—	255	240	✠Checkpoint Europe	240	−5	—	—	—	42.2
§80	F.P.	26/10	87	84	✠Comp. Fin. Servs. 5p	87	.....	bg2.0	2.6	3.3	15.3
¶¶	F.P.	—	115	100	Domin'n Int. High Inc.	115	.....	16.0	—	19.9	—
¶¶	F.P.	—	20	15	Do. Warrants	19	+1	—	—	—	—
105	F.P.	8/10	150	138	✠Extract Wool 50p	147	.....	bg5.88	2.2	3.6	17.9
‖	F.P.	—	39	30	F.&C. Pacific InvWrrts	38	.....	—	—	—	—
§74	F.P.	24/10	104	78	✠Fergabrook 20p	103	.....	b3.2	2.5	4.4	12.8
§47	F.P.	3/10	49	45	✠Hoggett Bowers 5p	46	.....	bg10	5.1	3.1	7.6
¶¶	F.P.	—	173	155	Home Counties Hldgs	155	−5	5.0	1.1	4.6	27.7
‖	F.P.	26/9	145	120	✠Ind. Scot. Energy £1	140	−5	—	—	—	—
‖	F.P.	16/11	102	96	Oldacre 20p	100	.....	u4.0	2.6	5.7	8.9
30	F.P.	26/10	33	31	✠Paul Michael L'w 5p	31	.....	T1.25	3.0	5.6	8.2
¶¶	F.P.	24/10	7	3	S & U Stores Warrants	7	.....	—	—	—	—
§10	F.P.	16/11	11	10	Second Market Inv. 5p	11	.....	—	—	—	—
125	F.P.	—	142	139	Stone Intl. 20p	141	.....	u4.38	2.3	4.4	14.2
§75	F.P.	26/10	81	76	✠TradePromotion 10p	77	.....	b3.15	2.0	5.8	12.2
100	F.P.	—	104	104	Wates CityofLon.Prop	104	.....	F2.31	—	3.2	—
¶¶	F.P.	12/10	85	78	Young (H)	82	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+ or −
‖	F.P.	—	115	107	✠Applied Botanics 12% Cnv.Uns.'95/2000	108	.....
§99.00	F.P.	10/1	12	8½	BristolWaterworks 11¾%Red.Deb.2004	11	−¼
¶99.87	F.P.	1/11	100⅛	99¾	Bournemouth Water 8% Red.Prf. 1988	99¾	.....
¶99.57	£10	29/11	11	10¾	Cambridge Water 8% Red. Prf. 1988	10¾	.....
§100	£10	22/11	21	10½	Do. 13% Red. Deb. 2004	18½	−½
¶99	F.P.	6/12	10⅞	10	Essex Water 8% Red. Prf. 1989	99	.....
90.52	£30	—	31⅝	29⅝	European Inv. Bk. 10⅝% Ln. 2004	30⅝	−⅛
§100	£10	—	9¼	8½	Folkestone Water 11½% Red. Deb. 2004	8½	.....
99.161	£30	17/1	32⅛	28⅝	Intl. Bk. for Recon. & Dev. 11⅛% Ln. 2003	31⅛	−⅛
§99.199	£25	15/3	26⅛	26½	Lon. Shop Prop. 11⅛% 1st Mort. Deb. 2018	25¾	−⅛
§98.152	£25	22/11	30¾	22	Marley 11⅞% Deb. 2009	30	−⅜
—	F.P.	—	100	98¼	Nationwide 10⅞% 27/8/85	99⅞	−⅛
—	F.P.	—	100⅛	99¾	" 11⅛% 9/9/85	100	−⅛
—	F.P.	—	100⅛	100	" 11% 14/10/85	100	−⅛
100	F.P.	26/10	118	106	T.V. South 10% Sub. Conv. Ln. 1997	118	.....

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date ■	1984 High	1984 Low	Stock	Closing price	+ or −
8	F.P.	22/11	10½	8½	Astra Ind. 10p	9¼	+½
155	Nil	12/11	18pm	12pm	Avon Rubber £1	18pm	+1
87	Nil	16/11	14pm	9pm	LRC Intn'l	14pm	.....
38	F.P.	31/10	56	44	Meggitt 5p	56	+4
200	F.P.	7/11	553	470	NatWest Bank £1	550	−5
A$0.90	Nil	—	9	7	Paringa Mining Units†	9	+2
445	Nil	14/11	88pm	68pm	Reckitt & Colman	80pm	.....
220	Nil	—	66pm	47pm	✠Renishaw 5p	65pm	−1
150	F.P.	23/11	195	182	Securicor Group	192	.....
136	F.P.	23/11	185	177	Do. 'A' N-V	182	.....
142	F.P.	23/11	195	174	Security Services	195	.....
A$0.50	Nil	31/10	88pm	72pm	TNT A$0.50	87pm	+2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters (or fully-paid). ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. T Figures assumed. † Units comprising one ordinary share and one option.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct 8	Oct 19	Jan 10	Jan 21
Oct 22	Nov 2	Jan 24	Feb 4
Nov 5	Nov 16	Feb 7	Feb 18

For rate indications see end of Share Information Service

Call options were arranged in Bula, Duport, Kwik-Fit, Eglinton Oil and Gas, BSG, Lyle Shipping, Rowntree Mackintosh, Burmah Oil, Britannia Arrow, Acorn Computer, William Leech, Inter-City, John Brown, Stewart Nairn, Aitken Hume and Body Shop. No puts were reported, but a double was taken out in Inter-City.

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
DRG	22	170	+13
Rowntree Mck.	13	340	+14
Brooke Bond	12	124	+ 8
Acorn Comptr.	11	94	+ 7
Body Shop	11	313	+28
Britania Arrow	11	78	+ 5
Glaxo	11	965	− 9
ICI	10	666	+ 4
Lucas Inds.	10	229	+ 3
BAT Inds.	9	262	− 3
BICC	9	235	+ 2
Grand Met.	9	296	− 2
Shell Trans.	9	665	− 5
Thorn EMI	9	418	—

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Resources	120	− 2
Bryson Oil and Gas	170	−30
Burmah Oil	198	+ 5
DRG	174	+ 4
Delta Group	86	+ 4
Eglinton Oil and Gas	77	−26
Hanson Trust	246	+ 7
Legal and General	528	+ 3
Osceola Hydro.	85	−20
Sun Life	683	+10
TDS Circuits	435	—
Tate and Lyle	408	+10

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	13	67	23
Corpns. Dom. and Foreign Bonds	0	21	57
Industrials	291	186	933
Fin. and Props.	140	50	338
Oils	22	27	78
Plantations	—	—	18
Mines	49	19	112
Others	61	49	78
Totals	576	419	1,637

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*496)	390	110	117	122	1	4	5
	420	80	90	95	1	5	8
	460	42	58	65	1½	10	15
	500	10	27	37	12	23	30
	550	2	12	22	55	62	68
Cons Gold (*507)	460	50	65	70	2	10	18
	500	14	38	50	10	28	40
	550	2	22	32	52	58	72
	600	1½	11	—	100	100	—
	650	1	4	—	150	150	—
Courtaulds (*134)	110	26	28	29	1	2	3
	120	17	19	21	1	4	6
	130	8	14	15	2	6	9
	140	2	8	9	8	12	13
	160	0¾	3½	—	27	28	—
Com. Union (*192)	160	34	—	—	0½	—	—
	180	15	24	28	2	9	11
	200	2½	13	17	11	19	22
	220	1½	6½	12	30	33	37
G.E.C. (*224)	160	68	72	76	1	2	2
	180	48	52	58	1	2	4
	200	28	36	44	1	5	8
	220	11	23	30	4	11	14
	240	2	12	18	20	24	25
Grand Met. (*298)	275	26	—	—	1	—	—
	280	—	34	42	—	8	11
	300	6	20	32	7	16	26
	330	1½	9	12	36	42	48
	360	1	3	—	66	70	—
I.C.I. (*674)	500	176	182	188	2	2	4
	550	126	132	138	2	4	5
	600	76	92	98	2	8	12
	650	26	50	58	6	16	26
	700	—	16	28	—	42	46
Land Sec. (*305)	240	69	—	—	0½	—	—
	260	49	51	57	0½	3	4
	280	29	33	40	0½	6	9
	300	12	19	28	3	13	18
Marks & Sp. (*115)	100	17	21	23	1	3	4
	110	8	13	16	2	5	6
	120	3	7	9	7	9	12
	130	1	3	—	16	18	—
Shell Trans. (*666)	500	170	177	182	2	3	4
	550	120	127	132	2	6	7
	600	70	83	88	3	10	16
	650	25	48	52	10	25	30
	700	5	20	28	40	47	52
Trafalg'r Hs. (*304)	260	49	55	61	1	4	6
	280	29	37	43	1	7	11
	300	11	22	28	3	14	19
	330	—	11	16	—	31	36

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
BAT Inds (*271)	240	40	45	48	2	5	8
	260	20	27	33	6	10	13
	280	9	16	24	18	24	28
Barclays (*517)	420	102	107	112	3	5	8
	460	65	70	75	6	10	17
	500	30	40	45	17	25	32
	550	6	15	20	45	50	57
Imperial Gp. (*172)	140	34	37	39	1	3	4
	160	15	19	20	4	6	8
	180	4	7	10	12	18	21
LASMO (*336)	260	80	87	—	2	3	—
	280	60	68	—	3	5	—
	300	43	52	58	6	13	20
	330	25	32	38	15	25	33
	360	7	18	22	28	40	48
Lonrho (*155)	120	38	40	—	1½	1½	—
	130	28	30	—	1	2½	—
	140	20	24	26	2½	6	8
	160	7	11	14	9	13	16
P. & O. (*273)	260	20	25	31	3	8	10
	280	8	15	21	13	17	22
	300	4	9	13	30	33	37
	330	1½	4	6	59	60	61
Racal (*254)	200	58	62	—	2	2	—
	220	38	44	50	2	3	5
	240	20	26	32	6	10	12
	260	9	15	18	15	20	24
	280	3	8	11	30	36	40
R.T.Z. (*597)	500	100	110	—	2	6	—
	550	52	62	75	7	18	23
	600	20	37	42	25	37	47
	650	5	18	—	67	70	—
	700	1½	—	—	117	—	—
Vaal Reefs (*$100)	90	15	16	18	1½	4	6½
	100	6½	10	12½	5	8¼	11½
	110	2¾	6½	8¾	11½	13	16½
	120	0¾	3½	—	20	21½	—
	130	0¾	1¾	—	30	31	—

Option		Calls Dec.	Calls Mar.	Calls June	Puts Dec.	Puts Mar.	Puts June
Beecham (*368)	280	93	98	—	2	3	—
	300	75	80	—	3	6	—
	330	60	66	—	7	10	—
	360	30	37	43	15	22	25
	390	11	20	25	35	40	43
Bass (*395)	330	72	77	—	2	5	—
	360	42	50	52	5	8	12
	390	16	22	30	17	22	27
De Beers (*$5.05)	500	50	70	75	20	35	45
	550	28	42	57	55	75	87
	600	10	25	—	105	115	—
	650	5	16	—	155	160	—
Guest Keen (*172)	140	35	41	—	2	3	—
	160	18	26	30	5	7	9
	180	8	12½	19	14	17	20
	200	3	6	9	31	33	35
Hanson (*248)	200	51	57	—	3	5	—
	220	33	38	44	4	6	12
	240	15	22	26	9	15	19
Jaguar (*193)	160	44	49	—	2	4	—
	180	26	29	38½	3	6	9
	200	10	16	24	10	12	17
Tesco (*191)	140	57	62	—	1½	2½	—
	160	37	42	—	3	4	—
	180	18	23	28	5	8	12
	200	6	11	16	13	18	22
FT-SE Index (*1142)	975	170	177	—	1	4	—
	1000	145	153	—	3	9	—
	1025	120	130	—	6	15	—
	1050	102	110	—	11	20	—
	1075	82	90	—	18	30	—
	1100	65	78	—	24	40	—
	1125	50	57	75	34	47	55
	1150	28	47	60	47	65	70

Oct. 11. Total Contracts 4,109 Calls 2,550 Puts 1,559
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105⅝	101½	Treas. 15pc 1985	101½	.....	14.78	10.34
102⅛	100	Exch. 12pc Cnv. '85	100⅞	.....	11.92	10.49
95¾	93 3/16	Treas 3pc 1985	95¾	+1/32	3.13	10.37
102⅝	99½	Treas 11½pc 1985	100½	.....	11.44	10.69
99⅛	96 9/16	Treas 8¼pc Cnv '85	98 11/16	–1/32	8.90	10.70
104 3/16	99⅞	Exch. 12¼pc 1985	101 5/16	–1/16	12.09	10.86
103 9/16	99 3/16	Exch 11¾pc '86	100⅞	–1/32	11.65	10.96
102 3/16	96 5/16	Treas. 10pc Cnv 1986	98 7/16	–1/16	10.15	11.08
91 3/16	88¼	Treas 3pc 1986	91 3/16	–⅛	3.29	9.03
102	96¼	Exch. 10½pc Cv '86	99	–1/16	10.61	11.16
104 3/16	99 1/16	Treas 12pc 1986	101 1/16	.....	11.87	11.23
98⅛	93½	Treas 8½pc 1984-86‡‡	96 1/16	.....	8.85	11.00
108 13/16	102 3/16	Exch. 14pc 1986	104 13/16xd	–1/16	13.34	11.25
87⅞	85	Exch. 2½pc 1986	87 1/16	.....	2.87	9.39
107 13/16	100 13/16	Exch. 13¼pc 1987	103½	–1/16	12.80	11.39
100⅞	94½	Treas 10¼pc Cv '87	97 11/16	+1/16	10.49	11.35
86⅛	83⅛	Exch 2½pc 1987	85¼	–1/16	2.93	9.32
101 1/16	94½	Exch. 10½pc 1987	98⅛	.....	10.70	11.39
92 11/16	87	Funding 6½pc '85-87‡‡	90⅛xd	–1/16	7.21	11.07
99⅝	92⅞	Treas 10pc 1987	96 7/16	.....	10.37	11.56
85	81 3/16	Treas 3pc 1987	83¾	–1/16	3.58	9.87
105	97¼	Treas. 12pc 1987	101 5/16xd	–1/16	11.84	11.50
94⅞	87 3/16	Treas 7¾pc 1985-88‡‡	90 5/16	+1/16	8.56	11.23
100¼	92 13/16	Exch 10½pc '88	97 1/16xd	–1/16	10.82	11.56
98 7/16	89 13/16	Treas 9¾pc Cv '88	94 7/16	.....	10.32	11.63
82	77	Transport 3pc '78-88	78 3/16	–1/16	3.84	10.18
96 13/16	88 3/16	Treas. 9½pc '88	93xd	–1/16	10.22	11.73
106¼	94 13/16	Treas 11½pc 1989	99⅛	.....	11.57	11.65
95 3/16	87 11/16	Treas 9½pc Cnv. '89	93⅛xd	–⅛	10.17	11.42
96 5/16	90 11/16	Treas 10½pc 1989	95¾	.....	10.97	11.69
100 3/16	88⅜	Exch. 10pc 1989	94	–1/16	10.64	11.65
98⅛	94⅛	Exch 11pc 1989	97⅛	–1/16	11.30	11.69
		Five to Fifteen Years				
85⅛	77½	Treas 5pc 1986-89	79⅛xd	–⅛	6.30	10.37
112⅛	100½	Treas 13pc 1990‡‡	108⅛	–⅛	12.36	11.61
110⅞	100¼	Exch. 12½pc 1990	103¼	–⅛	12.13	11.73
93⅛	84⅞	Treas 8¼pc 1987-90‡‡	90½	–⅛	9.40	11.20
98 13/16	90⅝	Treas. 10pc Cv 1990	92¾xd	–⅛	10.74	11.63
107	94¼	Treas 11¾pc 1991	103⅛	.....	11.71	11.64
84⅛	75⅝	Funding 5¾pc '87-91‡‡	79	–⅛	7.29	10.30
105⅛	93⅞	Exch. 11pc 1991	97¼xd	–⅛	11.27	11.50
112⅝	98⅞	Treas 12¾pc 1992‡‡	108	–⅛	12.12	11.66
100⅝	86	Treas 10pc 1992	94	–⅛	10.80	11.50
96 3/16	94 1/16	Treas 10½pc Cv 1992	96	–1/16	11.04	11.47
111⅛	95⅛	Exch. 12¼pc '92	104⅛	–⅛	11.92	11.69
117½	106⅛	Exch 13½pc 1992	109½	–¼	12.41	11.77
113⅛	98⅛	Treas 12½pc 1993‡‡	107¼	–¼	11.94	11.62
78⅜	71⅛	Funding 6pc 1993‡‡	75¼	–⅛	8.02	10.40
121¼	106⅛	Treas 13¾pc 1993‡‡	117⅛	–⅛	12.30	11.60
126⅛	108⅛	Treas 14½pc 1994‡‡	118½	–¼	12.41	11.51
120⅝	106	Exch 13½pc 1994	110xd	–¼	12.21	11.65
114⅛	96⅛	Exch. 12½pc 1994	106⅞	–¼	11.89	11.60
94½	82⅞	Treas 9pc 1994‡‡	86¼xd	–⅛	10.27	11.07
109¼	94⅞	Treas 12pc 1995	105¼	–¼	11.69	11.53
64¼	58¼	Gas 3pc '90-95	62½xd	–⅛	4.82	8.53
99⅛	86	Exch. 10¼pc 1995	95	–¼	11.06	11.44
117⅝	102⅝	Treas 12¾pc 1995‡‡	107xd	–¼	11.79	11.44
122⅝	106⅞	Treas. 14pc '96	118⅛	–¼	12.18	11.57
94⅝	83⅛	Treas 9pc 1992-96‡‡	87⅛	–½	10.38	11.08
134⅞	118¼	Treas 15¼pc 1996‡‡	122⅝xd	–⅜	12.34	11.53
122¼	106½	Exch 13¼pc 1996‡‡	111xd	–⅜	11.81	11.35
69½	63¼	Redemption 3pc 1986-96	66⅞	–⅛	4.49	7.18
120	104½	Treas 13¼pc 1997‡‡	115½	–⅜	11.78	11.32
104½	87⅞	Exch 10½pc 1997	97	–⅜	10.99	11.16
92½	77½	Treas 8¾pc 1997‡‡	85⅛	–⅜	10.37	11.04
134⅞	118⅜	Exch. 15pc 1997	122¾xd	–½	12.20	11.45
95½	84½	Exch. 9¾pc 1998	93¼	–⅜	10.67	10.98
78	68	Treas 6¾pc 1995-98‡‡	71⅞xd	–¼	9.31	10.63
138⅝	123⅞	Treas. 15½pc '98‡‡	128⅛	–⅜	12.08	11.40
115	100¼	Exch. 12pc 1998	110¼	–½	11.38	11.20
96	83⅞	Treas 9½pc 1999‡‡	92⅞	–⅜	10.55	10.87
116¼	104	Exch. 12¼pc 1999	108¼	–½	11.37	11.17
104½	91	Treas. 10½pc 1999	108½	–½	10.90	11.01
		Over Fifteen Years				
102½	89¼	Convers'n 10¼pc 1999	98½	–½	10.85	11.00
121½	106⅛	Treas. 13pc 2000	117⅛	–⅝	11.41	11.10
128½	112⅛	Treas. 14pc '98-01	123⅛	–½	11.88	11.37
113⅛	98⅝	Exch. 12pc '99-02	108⅞	–½	11.30	11.11
98⅞	90	Conv. 10pc 2002	95½	–⅜	10.47	10.57
126⅜	110¾	Treas. 13¾pc 2000-03	122⅛	–⅝	11.52	11.11
114⅞	101½	Treas. 11½pc 2001-04	106⅛	–⅝	10.88	10.76
50	43⅞	Funding 3½pc '99-04	48	–¼	7.43	9.46
123⅝	107⅞	Treas. 12½pc 2003-05	119⅛	–⅝	10.95	10.73
87⅛	76⅜	Treas. 8pc 2002-06‡‡	80⅞	–¼	9.91	10.22
115⅝	100	Treas. 11¾pc 2003-07	111	–⅝	10.84	10.69
132½	117⅝	Treas. 13½pc '04-08	123⅛	–⅝	11.02	10.72
64⅞	56⅛	Treas. 5½pc 2008-12‡‡	59⅞	–⅜	9.26	9.76
84⅛	72⅛	Treas. 7¾pc 2012-15‡‡	80⅛	–½	9.85	9.98
124½	108⅞	Exch. 12pc '13-'17	120	–⅝	10.35	10.26
		Undated				
40⅞	35⅞	Consols 4pc	39⅞	–⅛	10.23	—
37⅞	32½	War Loan 3½pc‡‡	36	–⅛	10.04	—
44⅞	40⅝	Conv. 3½pc '61 Aft.	41¼	–⅛	8.41	—
31⅝	27⅝	Treas. 3pc '66 Aft.	29¼xd	.....	10.28	—
25¼	22¼	Consols 2½pc	24⅝xd	–⅛	10.17	—
26	23	Treas. 2½pc	24⅝	.....	10.18	—

Index-Linked

1984 High	Low	Stock	(b)	Price £	+ or –	(1)	(2)
107½	101	Treas. 2pc '88	(297.1)	107⅛	+⅝	3.60	4.54
91⅛	85	Do. 2pc '90	(333.9)	91⅝	+1⅛	3.97	4.60
107	98⅛	Do. 2pc '96	(267.9)	106½	+1⅛	3.57	3.87
98	88⅝	Do. 2½pc '01	(308.8)	97½	+1⅛	3.30	3.53
98½	87⅞	Do. 2½pc '03	(310.7)	97¾	+1⅛	3.25	3.46
101	90¼	Do. 2pc '06	(274.1)	100⅝	+1⅛	3.18	3.37
98⅛	87⅝	Do. 2½pc '09	(310.7)	98¼	+1⅝	3.10	3.27
103¼	91⅝	Do. 2½pc '11	(294.1)	103	+1⅝	3.07	3.23
94½	82½	Do. 2½pc '16	(322.0)	94¼	+1⅛	3.01	3.16
92	81⅛	Do. 2½pc '20	(327.3)	91½xd	+1½	3.00	3.14

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for Jan., 1983: 342.6 and for August, 1984: 354.8

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
92⅛	82⅝	Asian Dev Bk 10¼pc Ln 2009	89½	–1	11.52	11.61
120½	105⅛	Australia 13½pc 2010	117¼	–¾	11.80	11.65
104⅛	93⅛	Do. 11¾pc Ln 2015	98⅛xd	–⅜	11.53	11.53
101½	91⅛	Euro Inv Bk 11pc Ln 2002	97½	.....	11.35	11.40
108⅝	102½	Finland 14½pc Ln 1986	104⅝	–⅛	13.86	11.22
110⅝	95⅛	Int-Am Dev Bk 12½pc 2003	107⅝	–1	11.98	11.90
106⅝	101⅛	Int. Bank 13½pc 1986	103⅛	.....	13.06	11.16
109⅝	102⅛	Do. 14pc Ln 1987	105¼	.....	13.24	11.27
104⅛	97⅛	Mlysia 12¼pc Ln '88	101¼	.....	12.06	11.79
106	92¼	Mex 16½pc 2008	106	.....	15.84	15.02
110⅛	103	NZ 14¼pc 1987	106⅛	.....	13.40	11.43
103⅛	90¼	Do 11¼pc 2008	93¾	–¼	11.91	11.96
35⅝	27	Do 11½pc 2014 £30pd	34 11/16	–⅜	11.93	11.93
106⅛	101⅛	Sweden 13½pc 1986	102⅝	.....	13.10	11.32
117⅛	102	Sweden 13½pc Ln 2010	114½	–½	12.11	12.03

CORPORATION LOANS

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102½	98	Bath 11¼pc 1985	100½	.....	11.19	10.76
103	99½	Birm'ham 12½pc 1985	100⅞	.....	12.39	11.00
105⅛	99⅞	Burnley 13pc 1987	102⅛	.....	11.65	11.72
101¼	96⅛	Cardiff 11pc 1986	99xd	.....	11.11	11.57
82	72	GLC 6¾pc 1990-92	76xd	.....	9.00	11.91
90¼	85⅛	Herts 6½pc 1985-87	88¼	.....	7.61	11.54
124	110	Leeds 13½pc 2006	115xd	–¼	11.77	11.62
30⅛	23½	Liverpool 3½pc Irred.	27	–¼	13.15	—
99⅛	96	Lon.Cpn 9¼pc 84-85	98⅛	.....	9.40	11.01
87⅛	83¼	LCC 5½pc '85-87	86½	.....	6.35	11.50
85	77	Do 6¾pc '88-90	80¼	–¼	8.54	11.85
26¼	22	Do. 3pc '20 Aft.	24¼	.....	12.71	—
102	99 3/32	Sunderland 12¼pc 1984	100 1/32	.....	12.25	11.54

COMMONWEALTH AND AFRICAN LOANS

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
82½	74	NZ 7¼pc 1988-92	78½	.....	9.47	11.96
96¼	92	Do. 7½pc '83-86	95¼	.....	8.04	11.95
181	179	S. Rhod. 2½pc Non-Ass	180	.....	—	—
92	82	Do. 3½pc 80-85 Assd	90	.....	3.89	15.60
65	52½	Do. 4½pc 87-92 Assd.	65	.....	6.70	11.40
375	283	Zimbabwe Ann (£100pd)	283xd	.....	—	16.19

LOANS

Building Societies

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100 3/16	99 3/16	N'wide 10¼pc 5.11.84	100xd	..	10.25	10.32
100⅛	99	Do. 10¼pc 3.12.84	99 13/16	.....	10.14	10.75
120	99	Do. 10½pc 24.12.84	99¾	–1/16	10.53	11.33
100½	98 13/16	Do 10¼pc 28.1.85	99 11/16	–1/16	10.28	10.95
100½	98¼	Do. 10 3/16pc 18.2.85	99⅝	–1/16	10.23	10.99
100	97¼	Do 9 7/16pc 25.3.85	99½	–1/16	9.48	10.63
100⅞	97¾	Do 9¾pc 15.4.85	99½xd	–1/16	9.81	10.94
100	97⅞	Do 9 13/16pc 7.5.85	99½xd	–1/16	9.86	10.82
100⅞	98⅛	Do. 11pc 3.6.85	99 15/16	–1/16	11.01	11.05
100¼	98½	Do 10¾pc 24.6.85	99¾	–1/16	10.78	11.07
100 15/16	99	Do. 11¼pc 15.7.85	100 1/16	–1/16	11.24	11.09
100 13/16	99⅞	Do. 12¼pc 5.8.85	100 13/16	–⅛	12.15	11.16

Public Board and Ind.

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
77½	70⅛	Agric. Mt. 5pc '59-89	75⅛xd	.....	6.65	12.04
37⅞	34	Met. Wtr. 3pc 'B'	37¼xd	.....	8.12	11.08

Financial

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101⅛	96¼	Inv. in Ind. 6¾pc Db 81-84	101⅛	.....	6.14	11.70
102⅛	97½	Do 10¼pc Un.Ln. 1986	101¼	.....	10.40	11.80
103½	96½	Do 11pc Uns Ln. '88	101	.....	10.95	11.70
105⅛	97	Do. 11¾pc Uns.Ln. '90	101½	.....	11.96	12.20
82⅜	73	Do 7¼pc A Db 89-92	78⅜	.....	9.23	11.80
109	95½	Do. 12½pc Un. Ln. 1992	102½	.....	12.28	12.10
81	71	Do. 7¼pc A '91-94	75¼xd	.....	9.64	11.63
91½	70½	Do. 9pc A '91-94	85xd	.....	10.59	11.55
90	76½	Do. 8¾pc Ln '92-97	82½	.....	10.73	11.70

FOREIGN BONDS & RAILS

1984 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
14	10	Chinese 4½pc 1898	12	.....	—	—
14	10	Do. 5pc 1912	13	.....	—	—
12	9	Do. 5pc 1913	11	.....	—	—
10½	7½	Do. 5pc '25 Boxer	8	.....	—	—
58	48	Greek 7pc Ass.	58	.....	3½	†6.17
55	46	Do. 6pc '28 Stb. Ass.	55	.....	3	†5.49
52	44	Do. 4pc Mixed Ass.	52	.....	2	†5.87
62	40	Hung. '24 Ass.	60	.....	2¾	†4.20
129½	114	Hydro Quebec 15pc 2011	126½	.....	15	12.30
82	79	Iceland 6½pc '83-88	79	.....	6½	14.10
118	104½	Do. 14½pc Ln 2016	116xd	.....	14½	12.77
91	84½	Ireland 9¾pc '91-96	87	.....	—	11.97
312	299	Japan 4pc '10 Ass.	310	.....	—	—
93	62	Do. 6pc '83-88	86		6	10.70
161	161	Peru Ass. 2007	161	.....	5.22	9.82
$93	$91	Turin 9pc 1991	$92		9	†12.00
DM96	DM94	Turin 6pc 1984	DM95		6½	11.40

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—Continued

Central African

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
280	145	Falcon Z50c	160	.....	Q100c	ϕ	36.4
17	8	Wankie Col. Z$1	10	.....	—	—	—
21	14	Zam Cpr.SBD0.24	16	.....	—	—	—

Australians

Tins

Miscellaneous

NOTES

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

PROPERTY

INSURANCES

LEISURE

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Finance, Land, etc

OIL AND GAS

REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

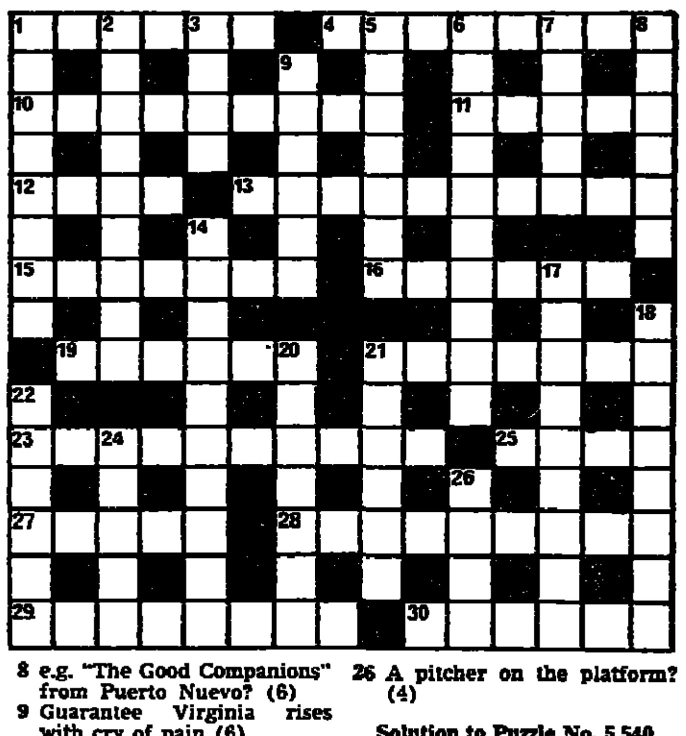
"Recent Issues" and "Rights" Page 39

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,541



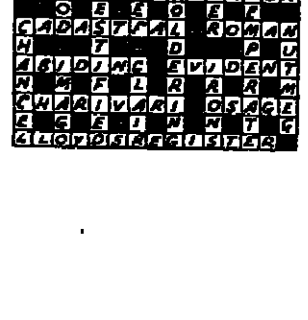
ACROSS

1 Tone-raising characters, yet cheats (6)
4 Mixed gins, then, once a week? (8)
10 What sort of dog is Jason? (9)
11 Trunk-call of surprise after sort-out (5)
12 Heavy cotton means nothing to a striker (4)
13 Benefice of cute parish, perhaps (10)
15 Stone artefact found in hotel being demolished (7)
16 Butterfly is usually displayed in one (6)
19 Summon to Brook by cricket side (6)
21 Wind bringing unusual trials to centre of Nimes? (7)
23 Landlord takes it for an earthquake (6-4)
25 Red wine pitched on the ground (4)
27 Bit of a rotten nuisance, this boredom (5)
28 Overshadow, at Bermuda, in a storm (9)
29 New visitor needing street-warden (8)
30 Carry on nursing—it is a common subject of strain (6)

DOWN

1 Suddenly starting, aircraft is harsh and loud (8)
2 Training choir, take what follows "Jerusalem" . . . (9)
3 . . . quiet melody for duo (4)
5 Stamp a little lower—set aside for a particular purpose (7)
6 Lowest form of batting practice, carrying a flask (10)
7 Right round the circumference (5)
8 e.g. "The Good Companions" from Puerto Nuevo? (6)
9 Guarantee Virginia rises with cry of pain (6)
14 Describing Victorian working conditions as nice, kind sort? Just the opposite! (10)
17 Tender like Alice? (9)
18 Slovenly girl, the second-mentioned, opening tin (8)
20 Perhaps read from William—Tell? (7)
21 Unfulfilled chap, that, in France (6)
22 Dark lady loses head in way out (6)
24 One with property, or new building (5)
26 A pitcher on the platform? (4)

Solution to Puzzle No. 5,540



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هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co

Sel Sec A	25.0	26.4	.....	—
Blue Chip	20.2	21.3	.....	—
Fund Yield	18.8	19.8	.....	—
Guaranteed May	15.7	16.6	.....	—
Managed	18.0	19.9	.....	—
International	25.1	26.5	.....	—
Property	15.3	16.2	.....	—
Pacific	19.7	20.8	.....	—
Equity	25.0	25.8	.....	—
Special Sits	21.9	23.1	.....	—
Int Currency	13.6	14.4	.....	—
Index Linked Secs	10.7	11.3	.....	—
American	19.4	20.5	.....	—

Life Assur. Co. of Pennsylvania
6, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13.49	14.17	.....	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth Oct 5	£2.87477		.....	—
Multi Gwth 'A' Oct 5	262.2	276.1	.....	—
Op 6 Prop Oct 11	262.2	276.1	.....	—
Op 6 Equity Oct 11	328.1	345.4	−0.8	—
Op Hy Oct 11	263.9	277.8	−0.9	—
Op 8 Man Oct 11	321.6	338.6	+1.1	—
Op 8 Dep Oct 11	197.1	207.5	.....	11.78
Op 8 Bond Oct 11	176.7	186.0	+1.3	—
Op 8 Inc Dist Oct 11	136.1	143.3	−0.7	8.90
Op 8 Inc Man Oct 11	186.2	196.1	.....	—
Op 8 US$ Oct 11	147.4	155.2	+2.6	12.12
Pens 8 Pr Ac Sept 14	331.4	348.9	.....	—
Pens 8 Eq Ac Sept 14	904.6	952.3	.....	—
Pens 8 FI Ac Sept 14	381.7	401.8	.....	—
Pens 8 Nld Ac Sept 14	558.2	587.6	.....	—
Pens 8 Dp Acc Sept 14	310.0	326.4	.....	—
Pens8Gart Gwb Sept 14	100.2	105.5	.....	—
Pens 8 Gart NA Sept 14	105.9	111.5	.....	—
Pens8Gart Pac Sept 14	96.5	101.6	.....	—

For Pensions Capital Units please ring extension 519.

Britannia Funds—Series A

Am Smlr Co's Oct 10	131.0	137.9	.....	—
Am Spec Sits Oct 10	151.6	159.6	.....	—
Commodity Oct 10	79.1	83.3	.....	—
Extra Inc Oct 10	109.3	115.1	.....	—
Far East Oct 10	107.4	113.1	.....	—
Fin Secs Oct 10	144.0	151.6	.....	—

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	183.2	192.9	.....	—
UK Equity	196.7	207.1	+0.6	—
Overseas Eq.	184.8	194.6	−0.2	—
Americas	188.3	198.3	+0.1	—
Far East	175.9	185.2	−0.3	—
Property	110.8	116.7	.....	—
Fixed Int.	156.9	165.2	−0.4	—
Indexed Gilt	102.5	107.9	+1.0	—
Deposit	112.2	118.2	+0.1	—

Pension Fund Prices

Man. Initial	181.8	191.4	−0.2	—
Man Acc	200.5	211.1	−0.3	—
UK Eq. Initial	182.6	192.3	−0.8	—
UK Eq.	198.6	209.1	−0.6	—
Overseas Eq. Initial	204.6	215.4	+0.4	—
Overseas Eq	233.3	245.6	+0.6	—
Americas Initial	202.4	213.1	+0.1	—
Americas	221.1	232.8	+0.2	—
Far East Initial	219.9	231.5	−0.4	—
Far East	240.8	253.5	−0.4	—
Prop. Initial	105.8	111.4	.....	—
Prop.	119.4	125.9	+0.1	—
Fixed Int. Initial	141.0	148.5	−0.4	—
Fixed Int.	153.5	161.6	−0.6	—
Indexed Gilt Initial	97.8	103.0	+1.2	—
Indexed Gilt	106.9	112.6	+1.4	—
Deposit Initial	110.8	116.7	.....	—
Deposit	121.5	127.9	.....	—

NPI Pensions Management Ltd.

Managed Fund	498.9	511.7	.....	—

Prices Sept 20. Next dealing October 1.

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Kiwi Key (Managed)	344.3	354.7	.....	—
UK Equity	150.4	158.3	−0.2	—
American	247.0	260.0	+0.7	—
Pacific	362.5	381.6	+0.5	—
Property	151.3	159.3	+0.2	—
Gilt	173.1	182.2	.....	—
High Inc. Equity	139.6	147.0	+0.1	—
High Inc. Fxd. Int.	102.7	108.1	.....	—
Deposit	147.8	155.6	+0.1	—
Index-Linked Gilt	103.9	109.3	+0.5	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

NUIS (Managed Funds) Ltd.

Managed Fund	494.5	520.5	+1.4	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.48	—	−0.09	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com Fund	12.8	13.5	−0.5	3.10
Chinese Fund	59.9	62.4	+0.1	1.70
Precious Metal Fund	122.6	127.7	−0.5	8.30
Vanguard Cmdy. Fd.	26.0	26.7	+0.1	2.26
Financial Futures Fd.	32.1	33.4	−0.4	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd	$9.58	—	−0.08	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd 36 Berkeley Sq, W1X 5DA. 01-499 6634				
M'hall Mny Fd	9.88	10.27	Qtr	Call
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	10.69	11.05	+0.10	Call
7-day Fnd	10.53	10.88	+0.04	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.64	10.92	6-mth	Call
7-day Fund	10.25	10.51	6-mth	7-day
Money Mngt. Acct	10.37	10.79	3-mth	Call
Dollar	8.75	8.94	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.375	10.78	Qtr	Call
Monthly Inc Chq. Acc.	10.25	10.74	Mth	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	10.10	10.58	Mth	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	10.38	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	10.375	10.883	Mth	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	10.25	10.75	Mth	Call
U S Dollar	10.50	11.17	Mth	Call
German Marks	5.0	5.19	Mth	Call
Swiss Francs	2.0	2.05	Mth	Call
Japanese Yen	6.0	6.25	Mth	Call
Choulartons 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	10.56	11.09	Mth	Call
Co-operative Bank 78-80 Cornhill EC3 01-626 6543 Ex 464				
Cheque & Save	8.50	8.77	Qtr	Call
Over £1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	10.25	10.66	Qtr	Call
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	10.625	10.91	Fixed	14-day
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
High Int Cheque Acc.	10.30	10.85	Daily	Call
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	10.00	10.38	Qtr	Call
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
High Int. Std. Acc.	9.71	10.20	Daily	Call
Premier Acc.	9.71	10.20	Daily	Call
Tyndall & Co 29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	10.29	10.70	Qtr	Call
Money Acc.	10.25	10.65	Qtr	Chq7
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	10.30	10.80	Mth	Call
Over £10,000	10.55	11.06	Mth	Call

NOTES —Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ф Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

EEC action urged on soyabean 'dumping'

By Ivo Dawnay in Brussels

EEC trade investigators are recommending pre-emptive action against Brazilian exporters of soyabean meal used for animal feed following complaints from European producers.

Fediol, the pressure group for Community soya crushers, had claimed that special credit rates offered to Brazilian exporters last year amounted to dumping on the EEC market.

As a result of Commission inquiry, trade officials are proposing that a 7.27 per cent countervailing duty should be agreed for implementation if new credit support is given to the exporters.

The recomendation will now be passed to the EEC Commissioners for approval and if authorised, will go to foreign ministers for final endorsement.

Sales of Brazilian soyameal to the Community have leapt in recent years to 3.5m tonnes worth about $700m (£573.7m) last year and accounting for between 30 and 33 per cent of EEC demand.

Anxiety over the growth of imported animal feed has led the Commission to seek a freeze on the level of sales of U.S. corn *gluten feed to the EEC. This is* presently under negotiation in the General Agreement on Tariffs and Trade.

New Zealand wool surplus cut

WELLINGTON — World economic recovery during the 1983-1984 wool sale season (July/June) enabled the New Zealand Wool Board to reduce substantially its surplus stock to 14,150 tonnes

Reuter.

London gold futures rescue plan outlined

BY JOHN EDWARDS, COMMODITIES EDITOR

RADICAL CHANGES in the structure of the ailing London gold futures market are recommended in a report out today. The report, by Mr John Wolff, a director of the LGFM board, was commissioned to examine what could be done to revive interest in the market, whose survival is threatened by a decline in turnover to a very low ebb.

Mr Wolff recommends that the LGFM should consider moving in with another market. Possibilities mentioned are the London International Financial Futures Exchange (Liffe) and the London Commodity Exchange or the International Petroleum Exchange. This would lower administrative costs and hopefully generate some extra business spilling over from the other markets. Liffe is seen as the most suitable match with perhaps the creation of a mini-exchange including gold, traded options and FT-SE 100 contract.

It is also recommended that the LGFM should diversify by adding other contracts, such as traded options, platinum and *silver futures* (and *options* later) and possibly a gold share index.

Mr Wolff suggests that the "locals"—individual professional speculators who play a big part in U.S. futures exchanges—should be encouraged and that non-floor membership terms should be reduced while banks and financial institutions should be invited to join.

A promotions officer should be appointed for two years, with a generous budget funded by the exchange and a contribution from the International Commodities Clearing House.

The report notes that the market has been going for a relatively short time — it was launched in April 1982.

Mr Wolff considers, therefore, it is too early to consider closing the market, but warns that quick action is needed to rescue it from the doldrums.

Upturn in U.S. oil stocks

BY NANCY DUNNE IN WASHINGTON

U.ES. crude oil stocks have reversed their decline, acocrding to the American Petroleum Institute, which yesterday reported stocks last week at 331m barrels.

API revised its stocks figures for the previous week t o329m barrels, also a rise from the *week before.*

"Stocks are higher because we're importing more," said Dr Edward Murphy, director of API's statistical department. Imports rose last weekt o 3.7m barrels from a revised estimate of 3.5m barrels during the week of September 28.

Dr Murphy said that refineries and marketers, which ceased buying activity in the early summer in anticipation of lower prices, apparently resumed buying when the Opec nations cut production.

It is believed that Opec production, thought to be about *18.5m barrels a day in late* spring, is now about 16.16m to 16.5m barrels a day.

Distillate stocks also rose last week from 142m. barrels to 144m barrels, consistent with trends in 1983. Residual fuel oil stocks rose slightly to 47.8m barrels.

UK cocoa grindings up 21% on last year

UK COCOA bean grindings in the third quarter of this year totalled 21,081 tonnes, up 20.92 per cent on the corresponding period in 1983, the Cocoa Chocolate and Confectionery Alliance said yesterday.

Dealers said the rise was a little less than had been expected. However, it produced *little reaction* on the London futures market, where the December position finished £3.50 down on the day at £1,910.50 a tonne.

The West German third quarter grindings total is due to be announced today.

● MR PHILIP JEVONS has been appointed a director of Acli Metals (London), it was announced yesterday. Acli Metals, a subsidiary of New York investment bankers, Donaldson Lufkin and Jenrette, is a ring-dealing member of the London Metal Exchange.

Mr Jevons has been involved with the exchange since 1959 and was appointed as a member of the LME board earlier this year. He is one of the LME members on the formation committee of the Association of Futures Brokers and Dealers, and also an alternate director of the London Gold Futures Market.

● LENDING to farmers by the Agricultural Mortgage Corporation slowed slightly in the six months to end-September. Loans completed in the period totalled £46.03m, down from £47.98m in the same period last year.

● CHINESE peasants killed 590m rats last year, saving an estimated 5m tonnes of grain, the New China News Agency said.

China expects a record grain crop this year of about 400m tonnes after 387.25m last year.

A lazy man's approach to sowing

Farmer's viewpoint: by John Cherrington

LAST WEEKEND I drove as far as north Cornwall from Hampshire, and on every side were fields freshly planted or ready for the drill to plant next year's harvest. I had a guilty feeling because my own machinery was idle in the barn; the result of an apprenticeship which warned of the awful consequences of planting wheat before October 11. My guilt stemmed from the fact that everyone else was getting on with hte planting, and to be the odd man out always makes one uneasy.

The reason why my mentors did not like the results of early sowing was that the crop came up too lush, and then used to get yellow leaves and final yields were seldom as good as when sown slightly later. Nowadays there are experts who can *diagonse just what is wrong* with crops and there are chemicals to cure them. The aim now is to sow the crop early so that it can become well established before the winter.

The keen farmer walks his fields weekly to monitor their growth nad check for any ailments. I am not a keen farmer, and cannot tell even with the *coloured chart given to me by* my friendly chemical supplier whether the yellowing of the leaves is a symptom of mildew, Barley Yellow Dwarf Virus, or frost or wind scorch. Nor I suspect can he.

Actually, the Barley Yellow Dwarf Virus is the worst of these, and is transmitted from a barley crop or from barley residues in a neighbouring field to the wheat, by means of the bird cherry aphid. I have never seen one, but I gather they are almost invisible. BYDV can do a lot of harm to a wheat crop and the technique is to spray them on the barley before they can spread.

I favour the lazy man's approach of sowing the wheat a bit later, because it has been discovered that if no wheat shoots appear before November, the crop is more or less safe from the aphid. So the old-fashioned farmers who recommended later sowing had probably got it right.

The situation has been complicated by the development of autumn sown barley — winter barley *as it is called — which* generally yields better than spring sown varieties. Its proclivity for passing on diseases had made it unpopular here, and in Denmark its cultivation was illegal for many years although it was commonly grown in the rest of Northern Europe. In fact when I grew the first crops in this neighbourhood, I was accused of being antisocial by my neighbours. They soon joined the club.

Some farmers start sowing it in early September, but I usually delay until the last week i nthe month and get it all in then. It does not yield as well as wheat, but I am still not brave enough to grow wheat continuously because if you get a disease like takeall, the yield is decimated. However, some farmers claim to be able to get away with it.

I noticed that many of the seed beds I passed on my journey to the West were as smooth and fine as if it were a spring sowing. Some had also been rolled after drilling. This *again went* right against my early training, which laid down that a seed bed for winter wheat should be as rough as possible. The lumps on the surface, so the theory went, protected the growing plants through the worst of the winter. Over the years I have found that wheat makes a pretty tough plant, and can succeed even if the seed bed has been a bad one in a way that barley never can.

Anyway, I have started wheat sowing now, and the land is working beauti fllyu — ise- — working beautifully and should be moist enough to get the seed to germinate and make a good plant without any worry. Although there is no certainty that next year's wheat crop will in any way reflect the excellent planting conditions in which it started.

There is of course somethting faintly lunatic in a farmer planting a crop for which there the intervention store and for which the price is almost certain to be less than this year's, if the Minister's recent warnings are to be believed. However, a farming system once locked into is difficult to escape from.

Big UK potato market surplus predicted

BY ANDREW GOWERS, AGRICULTURAL STAFF

THE UK potato market could be in surplus by as much as 300,000 tonnes this season, traders Coley and Harper forecast yesterday as over-supply continued to weigh heavily on futures prices.

The estimate, which assumes high yields both in Britain and the Netherlands and slightly lower UK consumption, was greeted with some scepticism by other traders. One trader said the market was currently reacting to heavy deliveries on to the spot market, rather than an overall expected surplus this season.

Meanwhile, the contract for April delivery dropped £1.30 to £75.40 per tonne.

Officials at the Potato Marketing Board, whose earlier assessments pointed to a rough balance between supply and demand this season, admitted that yields now being reported could indicate another large surplus like that in the 1982-83 crop year.

The board, which has contracts to buy 450,000 tonnes if need be in coming months, had not yet decided whether to intervene, they added.

Traders said prices may weaken further in the near term, but some believed that they could recover early next year as perceptions of the UK crop are scaled down. Liftings, both in Britain and the Netherlands, may still be hit by persistent rain, they said.

The Potato Marketing Board is pinning some hope on talks with equivalent bodies in France and the Netherlands on regulating the potato market, which have been going on sporadically for the last two years and are due to resume next month.

The British and French are —at French instigation—to persuade their Dutch counterparts to consider some sort of scheme for holding back their surplus if the market is weak. The PMB says that Dutch exports, which generally total between 1.3m and 1.5m tonnes, play a destabilising role in years of over-supply.

Traders, however, were unanimous in their doubts as to whether such talks would succeed.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 11 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	£1100
Free Mkt	$1040/1070	—5	$1070/100
Copper			
Cash h Grade	£1037.5	+15.5	£1012
3 mths	£1060.75	+15	£1032.25
Cash Cathode	£1040.5	+13.5	£1019
3 mths	£1059	+14.5	£1031
Gold troy oz	$339.25	+1.5	$337
Lead Cash	£336.5	+4	£309.5
3 mths	£340.25	+5	£318.5
Nickel	£5333	......	£5333
Free Mkt	215/233c	......	212/252c
Palladium oz	$140.25	+1	$136.75
Platinum oz	$321.50	+2.25	$324.00
Quick Silver†	$302/310	......	$300/310
Silver troy oz	580.80p	+1.30	557.40p
3 mths	595.50p	+1.10	571.60p
Tin cash	£9630	—35	£9647.5
3 mths	£9572.5	—45	£9542.5
Tungsten	$85.67	......	$87.85
Wolfram 22.04lb	$84/87	......	$82/84
Zinc	£607	+2	£597
3 mths	£607.25	+4	£600.5
Producers	$890/940	......	$940/990

	Oct. 11 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1240y	—10	$1270
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$625x	......	$590
Seeds			
Copra Phil	$720w	—50	$620
Soyabean (U.S.)	$250.5	+3	‡
Grains			
Barley Fut. Jan.	£110.80	+0.25	£108.25
Maize	‡	......	‡
Wheat Fut. Jan.	£110.30	—0.25	£106.20
No2 Hard Wint.	‡	......	‡
Other commodities			
Cocoa ship't*	£1991	—4	£1985
Futures Dec.	£1910.5	—3.5	£1884
Coffee Ft. Jan.	£2283.5	—17	£2456
Cotton A Index	72.50c	—0.15	73.75c
Gas Oil Nov.	$240.5	—2.25	$239
Rubber (kilo)	60p	......	62.5p
Sugar (raw)	$126y	—4	$117
Woolt'ps 64s	467p kilo	......	465pkl

‡ Unquoted. x Nov. w Nov-Dec. v Sept-Oct. y Oct-Nov. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

Higher cash quotations in the U.S. after the API stock figures were released supported a move to the highs after a weaker opening. Prices moved quickly to the lows on a weak opening in New York and traded just above these levels for most of the afternoon, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.70-27.90	—
Dubai Fateh	27.30-27.40	—0.05
Arab Heavy	25.70-26.90	—0.05
North Sea (Forties)	28.35-28.45	—
North Sea (Brent)	28.60-28.70	—0.1
African (BonnyLi'ht)	28.80-28.90	+0.05
Urals	28.15-28.25	+0.05

PRODUCTS—North West Europe "cif" ($ per tonne)

Premium gasoline	261-266	—0.5
Gas Oil	242-245	—0.5
Heavy fuel oil	185-188	+0.5

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Oct.	236.50	—2.50	237.75-35.00
Nov.	240.50	—2.25	242.00-40.00
Dec.	243.75	—2.25	245.00-45.50
Jan.	244.00	—2.00	245.00-43.50
Feb.	240.50	—1.50	241.25-40.25
March.	236.00	—1.50	238.00-35.00
April.	233.00	—3.00	233.00

Turnover: 3,016 (1,674) lots of 100 tonnes.

GOLD MARKETS

Gold rose $1½ to $339-339½ on the London bullion market yesterday. It opened at $338¼-338¾, and was fixed at $338.10 in *the morning and in the afternoon.* The metal touched a peak of $339½-339¾ and a low of $337¼-337¾.

In Paris the 12½ kilo gold bar was fixed at FFr 103,600 per kilo ($338.06 per ounce) in the afternoon, compared with FFr 103,500 ($338.01) in the morning, and FFr 103,300 ($338.43) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,820 per kilo ($338.46 per ounce), against DM 33,700 ($338.46), and closed at $338¾-339½ compared with $337¾-338¼.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $337.90 per ounce, unchanged from Wednesday.

In Zurich gold finished at $339-339½ against $337½-338.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Oct.	—	—	—
Dec.	345.60-45.80	+0.75	345.90-42.30
Feb.	—	—	—
April	—	—	—
June	—	—	—
Aug.	—	—	—

Turnover: 138 (123) lots of 100 troy ounces.

	Oct. 11		Oct. 10	
Gold Bullion (fine ounce)				
Close	$339-339½	(£276-276½)	$337½-338	(£275½-276)
Opening	$338¼-338¾	(£276¼-276¾)	$338-338½	(£276-276½)
Morning fixing	$338.10	(£276.451)	$337.75	(£275.422)
Afternoon fixing	$338.10	(£276.113)	$337.75	(£275.603)

Gold and Platinum Coins Oct. 11					
Krugrnd	$349½-350¼	(£284½-285¼)	King Sov	$81-82½	(£66-67)
½Krug.	$180¼-181	(£146¾-147½)	Victoria Sov	$81-82½	(£66-67)
¼ Krug.	$92-92¾	(£73-76½)	French 20s	$64¾-66½	(£52¾-54¼)
1/10 Krug.	$37½-38¼	(£30½-31¼)	50 Pesos Mex	$419¼-421	(£341½-342¾)
Mapleleaf	$349¼-350	(£284¼-285)	100 Cor Aust	$329-332	(£268-270¼)
New Sov.	$79¾-80½	(£65-65½)	$20 Eagles	$505-525	(£411¼-427½)
½ New Sov.	$48¾-49½	(£39¾-40¼)	Noble (Plat.)	$330½-334¼	(£269¼-272¼)

EUROPEAN MARKETS

ROTTERDAM, Oct 11.

Wheat—(U.S. $ per tonne): U.S. two soft red winter Nov 159, Dec 160, Jan 161, Feb 162.50, Mar 163. U.S. two northern spring 14 per cent protein Oct 175.50, Nov 174.50, Dec 178, Jan 184, Feb 186.50, Mar 188.50, April/May 190. U.S. northern spring 15 per cent protein Oct 183.25, Nov 187.50, Dec 190. U.S. three hard amber durum Oct 188, *Nov 188, mid-Nov/mid-Dec 191,* April/May 200, June 201. Canadian one western amber durum Nov 209.

Soyabeans—(U.S. $ per tonne): U.S. no two yellow Gulfports Oct 244.60, Nov 243.25, Dec 244.75, Jan 248.75, Feb 251.75, Mar 254.75, April 257.25, May 258.50 sellers.

Soyameal—(U.S. $ per tonne): 4 per cent Oct 170, Nov 170, Dec 170, Nov/Mar 173 sellers. Pellets Brazil afloat 177, Oct 181, Nov 185, Dec 188, Jan 193, Jan 193, Jan/Mar 196 sellers. Pellets Argentine afloat 170, Oct 170, Nov 170, Dec 170, Jan/Mar 181, May/Oct 201 sellers.

Maize—(U.S. $ per tonne): U.S. three yellow Oct 135, Nov 135, Dec 135, Jan/Mar 137, April/June 138 sellers, Argentine Plate Oct/Nov 170, Nov 177, April/June 146 sellers.

PARIS, Oct 11.

Sugar—(FFr per tonne): Dec 1655/1660, Mar 1687/1690, May 1735/1740, Aug 1785/1795, Oct 1845/1855, Dec 1890/1915.

Cocoa—(FFr per 100 kg): Dec 2185/2192, Mar 2175/2185, May 2175 bid, July 2180 bid, Sept 2185 bid, Dec 2190 bid, Mar 2195 bid.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES gained ground on the London Metal Exchange. Copper moved ahead on rumoured physical *business in the U.S.* and touched £1062 before easing to close the late kerb at £1060. The strength of copper boosted Lead to £343 and Zinc to £608.25, while currency considerations saw Aluminium edge up to £835 before closing at £829.25. Nickel held around £3920 but hedge selling left forward standard Tin at £9562.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1035-.5	+11.5	1037-8	+15.5
3 months	1059-.5	+12.5	1060.5-1	+15
Settlem't	1035.5	+11.5	—	—
Cathodes		—		—
Cash	1042-4	+16.5	1039-2	+13.5
3 months	1057-9	+12.5	1058-60	+14.5
Settlem't	1044	+17	—	—

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1036, 35.5, 35, 35.5, three months £1057, 57.5, 58, 59, 58.5, 59, 60, 59.5. Cathodes: Cash £1043, 44. Kerb: Higher Grade: Three months £1059, 59.5. Afternoon: Higher Grade: Three months £1062, 61.5, 60, 60.5, 61, 60.5. Kerb: Higher Grade: Three months £1059.5, 59, 58.5, 59, 60, 59.5. Turnover: 35,975 tonnes. U.S. Producers: 61-65 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9685-95	—5	9680-90	—20
3 months	9620-30	—5	9600-10	—36.5
Settlem't	9695	—5	—	—
Standard				
Cash	9640-50	—12.5	9625-35	—35
3 months	9590-95	—8	9570-5	—45
Settlem't	9650	—10	—	—
Straits E.	$29.15	......	—	—

Tin—Morning: Standard: Cash £9660, 50, three months £9610, 20, 25, £9580, 85, 90. Kerb: Standard: £9600. Afternoon: Standard: Three months £9590, 85, 60, 70, 60, 70. Kerb: Standard: *Turnover: 2,395 tonnes.*

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	338-.5	+8.5	336-7	+4
3 months	342-.5	+7.5	340-.5	+3
Settlem't	338.5	+8.5	—	—

Lead—Morning: Cash £338, three months £341, 42, 41.5, 41, 42, 43, 42.5, 42, 42.5. Kerb: Three months £342.5, 41.5. Afternoon: Three months £341, 41.5, 42, 41, 40. Kerb: Three months £340, 39, 40, 39.5, 40, 41, 42, 43. Turnover: 13,825 tonnes. U.S. Spot: 22-26 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	608-9	+2.25	606.5-7.5	+2
3 months	608-9	+6.25	607-.5	+4
Settlem't	609	+2.5	—	—

Zinc—HIGH GRADE OFFICIAL/UNOFFICIAL PRICES: Cash am £685-689, pm £680-685. Three months am £655-659, pm £652-654.5; settlement £689. Morning: Three months £608, 09. Kerb: Three months £606. Afternoon: Three months £609, 08, 07. Kerb: Three months £607, 08. Turnover: 7,075 tonnes. U.S. Prime Western: 45.00-45.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	809-10	+15	805-6	+10
3 months	832-3	—3	828.5-9	+10

Aluminium—Morning: Three months £827, 28, 30, 30.5, 30, 31, 31.5, 32, 31.5, 31, 32. Kerb: Three months £833, 34, 35. *Afternoon: Three months* £834, 33, 33.5, 33, 31, 30, 29, 28.5. Kerb: Three months £828.5, 28, 27.5, 28, 29. Turnover: 31,050 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3850-5	+2.5	3840-5	+2.5
3 months	3932-7	+4.5	3920-5	.....

Nickel—Morning: Three months £3930, 35, 37, 35, 30, 35. Kerb: Three months £3935, 40, 37. Afternoon: Three months £3935, 30, 35, 20. Turnover: 1,440 tonnes.

SILVER

Silver was fixed 1.3p an ounce higher for spot delivery in the London bullion market yesterday at 580.8p. U.S. cent equivalents of the fixing levels were: spot 711.5c, up 1c; three-month 730.8c, up 0.7c; six-month 750.9c, up 0.7c; and 12-month 794.3c, up 0.5c. The metal opened at 581-584p (712-715c) and closed at 583½-586½p (717-720c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	580.00p	+1.30	583p	+2.0
3 months	595.50p	+1.10	598.75p	+3.5
6 months	610.05p	+1.15	—	.....
12 months	650.45p	+1.05	—	.....

LME — (2,000 oz contract): Cash 583p (580.5p): three months 598.75p (595.5p). Turnover: 0 (0).

Turnover 49 (137) lots of 10,000 ozs. Morning: Large 1st ring three months 597, 96.5: 2nd ring cash 582, three months 596.5, 96.2. Kerb: untraded. Afternoon: 2nd ring three months 599. Kerb: untraded.

COCOA

Futures opened steadily and traded £20 higher on news of the UK grind being up 21 per cent but profit-taking left prices at the lows of the day. The interest recently seen for spot and *nearby physicals was maintained and* both second-hand and consumer interest was noted, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Oct.	1500-2200	—	—
Dec.	1910-1911	—3.5	1932-1909
March	1880-1881	—3.5	1905-1877
May	1892-1893	—3.5	1903-1881
July	1880-1886	—5.0	1899-1880
Sept.	1883-1885	—5.5	1900-1884
Dec.	1863-1864	—6.0	1878-1864
Mar.	1844-1874	—11.0	—

Sales: 3,744 (3,516) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for Oct 11: 103.01 (103.70); five-day average for Oct 12: 102.42 (102.05).

COFFEE

During a fairly active morning the recent advance continued as trade and dealer buying pushed prices higher. The rise was restricted as scale-up commission house selling tended to influence profit-taking and values gradually retreated under further pressure mainly in November and January, reports Drexel Burnham Lambert.

COFFEE	Yesterd'ys Close	+ or —	Business Done
Nov.	2391-95	+16.5	2438-85
January	2282-85	—17.0	2321-84
March	2206-08	—19.5	2235-90
May	2190-22	—17.5	2217-85
July	2180-85	—15.0	2204-76
Sept.	2170-75	—16.5	2195-69
Nov.	2168-70	—07.0	2174-65

Sales: 6,104 (3,247) lots of 15 tonnes.

ICO indicator prices (U.S. cents per pound) for October 10: Comp daily 1979 135.81 (135.14): 15-day average 136.90 (137.25).

GRAINS

The markets remained very quiet *with nearbys easing on physical offers* although barley firmed on profit-taking, reports Muirpace.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd's close	+ or —
Nov.	106.35	—0.40	107.10	—
Jan.	110.30	—0.25	110.80	+0.25
Mar.	113.50	—0.25	113.60	+0.10
May	117.00	—0.05	116.15	+0.10
July	118.60	—0.05	—	—
Sept.	98.10	+0.25	97.10	+0.10

Business done—Wheat: Nov 106.50-6.30, Jan 110.30-10.10, March 113.35 only, May 116.95-6.65, July 118.50-8.30, Sept 98.10-7.50. Sales: 144 lots of 100 tonnes. Barley: Nov 107.10-6.85, Jan 110.80-10.30, March 113.30 only, May 116.05 only, Sept 97.10 only. Sales: 52 lots of 100 tonnes.

LONDON GRAINS—Wheat: CWRS No 1 13½ per cent ex-origin transhipment Oct 164.25 quoted. U.S. dark northern spring No 1 15 per cent Nov 154.55, Dec 156.60, Jan 161.25 transhipment east coast. U.S. No 2 soft red winter Nov 142.25, Dec 143.25, Jan 144.

Barley: English feed fob Oct 107.50 Scotland, Nov 109.50 Scotland, Nov 10.50 lower east coast, Dec 110.50 Scotland, Dec 111.50 east coast, Jan/Mar 15.50 east coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 104.10, S. West 102.00, W. Mids 101.50, N. West 100.70. The UK monetary coefficient for the week beginning Monday October 15 is expected to remain unchanged at 1.000.

PIGMEAT

Initial selling caused by weaker physical prices triggered stop-loss levels on the opening call. The market recovered quickly to previous levels and closed steady, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Nov.	128.80	128.80	128.70-28.80
Feb.	120.80	121.40	121.30-20.80
April	119.00	119.90	119.00-18.50
June	116.90	117.00	117.00
Aug	115.40	115.50	115.50
Oct.	117.00	118.00	—

Sales: 85 (28) lots of 50 carcases 3,250 kg.

POTATOES

The market continued on its downward course during the morning, opening £1.70 lower, basis April, and then dropping a further £1.00 in good volume. The afternoon was much quieter until towards the close when buying interest took prices back to the day's highs, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Nov.	53.10	53.70	53.10-52.80
Feb	62.00	63.50	62.00-61.50
April	75.40	76.70	75.40-74.00
May	81.00	83.20	81.20-82.00
Nov.	77.00	77.00	—

Sales: 988 (618) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened about unchanged, drifted lower *throughout the day and closed on an* inactive note, reported Lewis and Peat. Closing prices (buyers) Spot 60.00p (same); Nov 72.00p (71.75p); Dec 72.00p (same). The Kuala Lumpur Oct fob price for RSS No 1 was 204.75 (same) cents a kg and for SMR 20 was 188.0 (188.5).

SOYABEAN MEAL

The market opened unchanged to 50p up in thin trade, reports T. G. Roddick. During the afternoon shipper selling interest weakened values.

	Yestday's close	+ or —	Business Done
	£ per tonne		
October			
Dec.	137.00-37.80	+0.10	138.20-37.00
Feb.	142.00-42.70	+0.60	—
Apr.	145.00-45.70	+0.80	—
June	145.00-46.00	+0.90	—
August	148.00-49.00	—1.25	—
October	147.00-50.00	+0.50	—

Sales: 150 (121) lots of 20 tonnes, 0 (108) lots of 100 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar $126.00 (£103.00), down $4.00 (down £3.00), a tonne for Oct-Nov delivery. White sugar $176.50, down $3.50.

Prices attempted to consolidate in profit-taking on Wednesday, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Dec.	148.00-48.20	146.60-47.60	147.60-42.00
Mar.	159.00-59.20	164.40-64.60	164.60-57.60
May	166.00-66.20	171.40-71.60	171.60-64.00
Aug.	175.60-75.80	180.60-81.00	179.20-75.60
Oct.	181.00-84.00	189.00-89.20	189.60-82.00
Dec.	191.20-93.00	195.00-97.00	192.00-90.40
Mar.	208.20-07.00	209.00-11.60	209.00

Sales: No 6 2,666 (5,190) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £260.00 (£211.00) a tonne for export.

International Sugar Agreement — (U.S. cents per pound fob and stowed Caribbean ports). Prices for October 10: Daily price 4.82 (4.78): 15-day average 4.33 (4.25).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 569.5, 570.0, 570.0-564.9; Dec 565.5, 568.0, 568.0-565.0; Mar 577.5, 578.0, 578.0-577.5; May 582.0, 585.0, 583.0-582.0; July 588.5, 590.0, 588.0; Oct 580.0, 585.0, untraded; Dec 584.0, 589.0, u/t; Mar 591.0, 593.0, u/t. Sales: 40.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 502, 505, 502; Dec 505, 508, 505; Jan 506, 509, 506; Mar 513, 517, 515; May 21, 523, 523-522; Aug 531, 534, 536-535; Oct 535, 538, 537; Dec 535, 539, 538; Jan 538, 540, 539; Mar 545, 0, 49. Sales: 48.

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.22p per kg lw (+0.18). GB—Sheep 150.46p per kg est dcw (−2.69). GB—Pigs 94.31p per kg lw (+1.12).

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 77.0 to 84.0; Ulster hindquarters 87.0 to 92.0, forequarters 54.0 to 57.0. Veal—Dutch hinds and ends 125.0 to 130.0. Lamb—English small 68.0 to 74.0, medium 66.0 to 72.0, heavy 64.0 to 66.0; Scotch medium 65.5 to 69.0, heavy 63.5 to 66.5; Imported: New Zealand PL 66.5 to 67.5, PX 62.3 to 63.5, YL 64.0 to 65.5. Pork—English under 100 lb 58.0 to 66.5; 100-120 lb 62.0 to 64.5, 120-160 lb 50.0 to 58.0.

Imported Produce: Oranges—Outspan: 8.20-9.20. Tangerines—Spain: Clausellinas 7.00-8.00; Brazilian: Honey 8.00. Lemons—Spania: 5 kg 2.00-2.50, 15 kg 5.00-6.00; Outspan: 15 kg 5.00-6.80; Uruguayan: 20 kg 6.50-7.00; Turkish: 8 kg 4.00-4.50; Italian: 15-kg box new crop 5.60; Cypriot: approx. 9 kg 4.00-5.00. Grapefruit—Outspan: Marsh Seedless 27 5.10, 32 5.75, 36 6.25, 40 6.95, 48 6.70, 56 7.05, 64 6.90, 72 6.50. Odds 60p less; Uruguayan: 16 kg 7.20-7.50; U.S.: Ruby 10.00-10.50; Cuban: 4.40-4.80, Ruby 7.00-8.00; Dominican: 6.00-7.00; Jaffa: Yarden River 5.30-6.50. Apples—French: Golden Delicious, carton 5.00-5.60, Starkcrimson carton 5.60-6.20, ½-carton 2.70-3.00, Granny Smith carton 6.50-7.00; ½-carton 3.60-3.70. Pears—French: 13 kg William's 3.20-3.50; Spanish: William's 3.20-3.50; Italian: 10 kg William's 3.80-4.50. Nectarines—Italian: Large trays 4.00-5.00; 1-kg punnet 0.50-0.55, standard tray 2.50-3.00; French: Small carton 2.00-2.20. Plums—French: Gage 2.00-2.20; Italian: President 4.20-5.00; Spanish: 5 kg gages 2.20-2.50. Grapes—Italian: Italia 2.40-3.00, wine grape 2.70-3.00; Spanish: 5 kg Almeria 1.80-2.40, Napoleon 2.40-2.80, Italia 3.40-3.60. Melons—Spanish: Large boxes, yellow 2.80-3.20, green 3.20-3.50; Dutch: Ogen 7.50-8.50; French: Charentais large boxes 4.50-5.50, Galia 5.00-6.50. Strawberries—Per punnet U.S.: 1.50; South African: 0.60. Fresh Figs—French: Trays 5.00-5.50; Turkish: 5.00-5.50; dried figs, Turkish: Layer, x48 11.00-12.00. Raspberries—U.S. per punnet 1.50-1.60. Pomegranates—Spanish: 10 kg 4.00-4.60.

COVENT GARDEN — Prices for the bulk of produce, in sterling per package unless otherwise stated. English produce—Apples—Per pound, Cox's 0.14-0.22, Bramley 0.10-0.12, Russets 0.17-0.22, Worcester Pearmain 0.12-0.16, Spartan 0.14-0.18. Pears—Per pound Conference 0.10-0.16. Plums—12-lb, Marjorie's Seedling 2.40-2.60; Whydale 2.00-2.20. Raspberries—½-lb 0.40-0.50. Strawberries — ½-lb 0.50-0.60. Potatoes—Per bag 56-lb 2.40-3.20, Bakers 5.00-5.50. Mushrooms—Per pound, open 0.60-0.70, closed 0.80-0.90. Lettuce — Per tray round 1.00-1.20, Cos dozen 1.40-1.50; Webb's 1.60-1.80; Iceberg 12's 6.50-7.00, 15's 6.00. Carrots—28-lb 1.00-1.80. Greens—Primo 1.20-1.40; crates, green 2.50-2.80; Jan King 1.40-1.50. Tomatoes—Tray 12-lb 2.00-2.30.

INDICES

FINANCIAL TIMES

Oct. 10	Oct. 9	M'th ago	Year ago
289.78	286.85	292.72	286.97

(Base: July 1 1952 = 100)

REUTERS

Oct. 11	Oct. 10	M'th ago	Year ago
1884.0	1883.4	1858.1	1879.1

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Oct. 10	Oct. 9	Month ago	Year ago
Spot	123.37	123.04	128.09	140.27
Fut	125.00	124.52	127.14	147.15

(Base: December 31 1974 = 100)

MOODY'S

Oct 10	Oct 9	M'th ago	Year ago
957.9	956.9	993.6	1051.5

(Base: December 31 1931 = 100)

COTTON

LIVERPOOL—No spot or shipment sales were recorded. Ordering was restricted and confined to minimum quantities. Slow trading persisted in certain specialist growths.

HIDES

HIDES—Manchester (Leeds). Second clears. Ox: 31-35.5 kg, 103.0p a kg withdrawn (104.7p withdrawn); 26-30.5 kg, 116.0p a kg (117.0p); 22-25.5 kg, 121.0p a kg (121.1p withdrawn). Cows: 25.5 kg, 122.1p a kg withdrawn (124.0p).

AMERICAN MARKETS

NEW YORK, Oct 11.

Precious metals sold off with currencies and finished weak under heavy local selling, reports Heinold Commodities. Copper prices were moderately lower as arbitrage selling triggered short-covering and long liquidation. Aluminium traded fractionally lower in featureless trading in a fundamentally inactive market. Heating oil prices were slightly lower as above normal temperatures continue to dominate the eastern two-thirds of the country. Sugar advanced late in the session after trading in a narrow range, responding to late buying by a large commission house. Coffee fell very sharply as the dealers and roasters began to hedge against higher prospective quotas. Cotton prices were nominally higher despite continued damage to the crop in the Delta as traders were evening-up their positions ahead of the government crop report. Cocoa retreated after the market failed to react to constructive grind figures from West Germany. Soyabeans were higher on a late rally in anticipation of a reduction in the government crop production estimate. Maize was mixed and wheat was lower with a concensus expecting higher crop estimates after the close.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	44.10	—	—	44.15
Dec	44.90	45.70	44.90	45.00
Jan	45.40	—	—	45.50
March	46.45	47.20	46.50	46.55
May	47.50	—	—	47.60
July	48.55	—	—	48.65
Sep	49.60	—	—	49.70
Dec	51.20	—	—	51.30
Jan	51.75	—	—	51.85
March	52.85	—	—	52.95

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2223	2255	2212	2251
March	2177	2212	2186	2208
May	2190	2200	2190	2220
July	2204	—	—	2234
Sept	2208	—	—	2238
Dec	2220	2245	2245	2249

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	134.35	36.90	34.30	36.43
March	133.28	35.10	33.25	34.90
May	132.23	33.95	32.15	33.75
July	131.55	32.00	31.55	32.88
Sept	130.50	31.50	30.50	31.80
Dec	129.50	30.00	29.50	30.61
March	128.51	—	—	28.25

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Oct	55.55	—	—	55.95
Nov	55.80	—	—	56.30
Dec	56.45	57.25	56.30	56.95
Jan	57.05	57.25	57.25	57.55
March	58.30	59.10	58.30	58.75
May	59.45	60.15	59.50	59.90
July	60.60	61.25	60.75	61.05
Sept	61.75	62.45	61.90	62.20
Dec	63.50	64.05	63.40	63.90
Jan	64.05	—	—	64.45

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	65.16	65.25	64.85	64.97
March	66.97	67.20	66.77	66.87
May	68.40	68.40	68.15	68.15
July	69.40	69.50	69.30	69.25
Oct	69.30	69.50	69.50	69.22
Dec	69.60	69.80	69.60	69.50
March	70.40	—	—	70.30

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Nov	29.30	29.37	29.26	29.33
Dec	29.46	29.54	29.40	29.48
Jan	29.47	29.50	29.39	29.46
Feb	29.36	29.38	29.37	29.39
March	29.35	29.31	29.25	29.35
April	29.28	29.24	29.24	29.30
May	29.20	—	—	29.22
June	—	—	—	29.18
July	29.10	—	—	29.18
August	—	—	—	29.12

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	336.7	339.5	334.0	338.8
Dec	341.3	344.4	338.0	343.6
Feb	347.5	350.3	345.0	349.8
April	353.6	356.1	351.0	355.9
June	360.1	363.5	360.0	362.4
August	366.6	367.0	367.0	368.9
Oct	373.7	373.5	373.5	376.0
Dec	381.0	—	—	383.3
Feb	388.7	—	—	391.0
April	396.4	—	—	398.7
June	404.8	—	—	407.1
August	413.4	—	—	415.7

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Nov	79.85	80.60	79.85	80.34
Dec	81.15	81.80	81.05	81.58
Jan	82.20	82.80	82.05	82.55
Feb	81.70	82.25	81.60	82.04
March	78.50	78.50	78.15	78.70
April	76.65	76.65	76.60	76.90
May	75.75	—	—	76.20
June	72.50	—	—	75.45

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Nov	175.95	76.20	73.45	74.25
Jan	177.65	78.00	76.85	77.25
March	178.00	78.35	77.10	77.75
Sept	176.00	75.50	75.50	76.00
Nov	175.95	75.50	75.00	75.95
Jan	175.50	—	—	76.50
March	175.50	—	—	76.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	316.7	318.5	315.5	316.9
Dec	319.3	—	—	319.5
Jan	324.2	326.5	321.5	324.4
April	332.7	335.0	332.0	331.2
July	341.4	343.0	342.0	342.1
Oct	350.4	351.5	351.5	351.1
Jan	359.9	—	—	360.6

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	709.6	718.5	718.5	716.5
Nov	713.7	—	—	720.7
Dec	720.0	731.0	718.0	727.0
Jan	726.6	—	—	733.6
March	740.2	751.0	738.0	747.2
May	754.0	763.5	753.0	761.0
July	767.9	778.5	768.0	775.0
Sept	782.9	793.0	787.0	790.1
Dec	807.0	817.5	809.0	814.3
Jan	815.3	—	—	822.6

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	5.36	5.40	5.31	5.36
March	5.99	6.02	5.85	5.91
May	6.38	6.40	6.19	6.24
July	6.67	6.68	6.48	6.56
Sept	6.97	6.97	6.79	6.82
Oct	7.19	7.20	7.00	7.05
Jan	7.57	7.58	7.48	7.45
March	8.18	8.22	8.02	8.05

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	62.92	63.00	62.47	62.40
Dec	64.97	65.17	64.67	64.82
Feb	65.50	65.80	65.15	65.35
April	66.45	66.57	66.20	66.35
June	66.87	67.05	66.65	67.07
Aug	65.10	65.10	64.80	65.15
Oct	63.60	63.80	63.40	63.50

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Oct	45.20	45.25	44.65	44.80
Dec	47.70	47.75	46.90	46.95
Feb	—	49.47	48.90	49.05
April	46.35	46.40	45.75	46.47
Aug	48.35	49.50	48.10	48.29
June	49.42	49.65	49.10	49.22
Oct	46.35	46.70	46.30	46.35
Dec	48.70	48.70	48.70	48.67

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Dec	278.4	280.0	278.2	280.0
March	284.6	286.0	284.2	285.8
May	289.2	290.0	288.4	289.6
July	291.4	292.4	290.6	291.5
Sept	286.2	286.2	285.4	285.4
Dec	282.4	283.0	280.6	281.2
March	289.4	289.6	289.2	289.0

PORK BELLIES 38,000lb, cents/lb

	Close	High	Low	Prev
Feb	66.42	66.55	65.50	65.30
March	66.17	66.25	65.20	65.02
May	67.20	67.40	66.40	66.17
July	68.10	68.10	67.15	67.22
Aug	65.85	65.85	65.00	64.95

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Nov	613.0	614.0	607.0	608.2
Jan	624.0	624.4	617.0	618.4
March	637.0	637.4	630.2	631.6
May	650.2	650.4	643.0	644.0
July	654.6	656.0	648.4	649.0
August	654.4	654.4	649.0	648.0
Sept	643.4	644.0	641.0	641.4
Nov	643.4	643.4	640.0	640.4
Jan	655.0	655.0	652.0	654.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Oct	148.9	149.2	147.5	148.5
Dec	154.6	155.5	153.1	155.0
Jan	157.9	158.5	156.3	158.2
March	163.4	164.5	162.0	164.0
May	166.0	168.0	166.5	168.5
July	173.0	173.5	170.5	172.7
August	171.5	173.0	171.0	170.0
Sept	172.0	172.0	172.0	170.5
Oct	172.0	172.0	170.0	171.0
Dec	172.0	—	—	171.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Oct	27.61	27.65	27.16	27.20
Dec	25.43	25.54	25.11	25.21
Jan	24.92	25.00	24.70	24.75
March	24.55	24.56	24.40	24.40
May	24.32	24.36	24.15	24.15
July	24.10	24.10	24.00	23.95
August	23.95	24.00	23.95	23.70
Sept	23.55	—	—	23.48
Oct	23.40	—	—	23.10
Dec	23.45	23.75	23.45	23.32

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	349.2	352.4	349.0	351.0
March	356.2	360.4	356.0	359.0
May	354.0	358.2	354.0	357.2
July	342.0	344.0	342.0	343.0
Sept	347.0	349.0	347.0	348.0
Dec	359.4	—	—	360.4

SPOT PRICES—Chicago loose lard 32.00 (same). New York tin 539.0-52.0 (540.0-64.0) cents per pound. Handy and Harman silver bullion 718.0 (716.5) cents per troy ounce.

هكذا في الأصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases after firm start

The dollar weakened in late European trading, but still finished firmer on the day. The threat of central bank intervention continues to overhang the foreign exchange market, but basic sentiment surrounding the U.S. currency is strong. The German Bundesbank did not appear to make any attempt to rein back the dollar's gains on the open market, but by mid-afternoon dealers became nervous of running too long a position in the dollar, and this brought the currency back below DM 3.10.

Earlier in the day the dollar seemed to be establishing a level well in excess of DM 3.10, and ato ne time touched DM 3.11.

There were no new factors, although the U.S. unit was supported by expectations of a rise in weekly M1 money supply, and by an anticipated increase of about 1.5 per cent in September U.S. retail sales, to be announced today, compared with the August fall of 0.8 per cent.

The dollar rose to DM 3.096 from DM 3.0755; FFr 9.4925 from FFr 9.4250; SwFr 2.5475 from SwFr 2.5375; and Y247.90 from Y247.30.

On Bank of England figures the dollar's index was unchanged at 142.9.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.2215. September average 1.2593. Exchange rate index 76.3, against 80.1 six months ago.

Sterling lost ground to the firm dollar, but was slightly stronger against the D-mark, and showed small losses against other major currencies in fairly quiet trading. The pound has shown little movement recently despite the scotching of speculation about an immediate cut in bank base rates. Rumours of a settlement to the pits dispute also had little impact, and later an Acas official said there was no change in the situation as talks continued between the two sides. Sterling fell to $1.2250-1.2260, a loss of 75 points on the day, but rose to DM 3.7925 from DM 3.79, while declining to FFr 11.6125 from FFr 11.6725; SwFr 3.1225 from SwFr 3.1275; and Y303.75 from Y205.50.

D-MARK — Trading range against the dollar in 1984 is 3.1265 to 2.5535. September average 3.0235. Trade-weighted index 120.5 against 127.3 six months ago.

The D-mark was generally weaker at the Frangfurt fixing, losing ground to the dollar, sterling, the Swiss franc and Japanese yen. The Bundesbank sold $12.15m when the dollar was fixed at DM 3.1093, compared with DM 3.0976. In orderly and quiet trading there was no indication of intervention by the German central bank on the open market. This led to suggestions the Bundesbank was not defending any specific level, and will only intervene heavily in disorderly conditions. There was also a general expectation of continued firmness by the U.S. currency, despite the lack of any new factors. Sterling rose to DM 3.8010 from DM 3.7940 at the fixing, the Swiss franc to DM 1.2179 from DM 1.2159, and the Japanese yen to DM 1.2510 per 100 yen from DM 1.2490. Within the EMS the French franc was unchanged at DM 32.615 per 100 francs, while the Dutch guilder rose to DM 88.750 per 100 guilders from DM 88.720.

STERLING EXCHANGE RATE INDEX
(Bank of England)

	Oct 11	Previous
8.30 am	—	—
9.00 am	76.4	76.1
10.00 am	76.3	76.2
11.00 am	76.3	76.3
Noon	76.4	76.3
1.00 pm	76.3	76.3
2.00 pm	76.3	76.2
3.00 pm	76.4	76.2
4.00 pm	76.3	76.3

New York rates

	Oct. 11	Prev. close
£ Spot	$1.2265-1.2275	$1.2265-1.2270
1 month	0.01-pm-0.01dis	0.01-0.03 dis
3 months	0.21-0.24 dis	0.18-0.21 dis
12 months	1.50-1.60 dis	1.40-1.50 dis

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.2479	+0.77	+0.77	±1.5428
Danish Krone	8.14104	8.10316	−0.47	−0.47	±1.6421
German D-Mark	2.24184	2.24040	−0.06	−0.06	±1.1463
French Franc	6.87456	6.87047	−0.06	−0.06	±1.3659
Dutch Guilder	2.52596	2.52415	−0.07	−0.07	±1.5165
Irish Punt	0.72569	0.721443	−0.59	−0.59	±1.6671
Italian Lira	1403.49	1383.40	−1.43	−1.43	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Oct 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2210-1.2305	1.2250-1.2260	0.01-0.04c dis	−0.24	0.22-0.26dis	−0.78
Canada	1.6100-1.6195	1.6180-1.6190	0.35-0.45c dis	−2.97	0.79-0.92dis	−2.11
Nethlnd.	4.26¾-4.29¼	4.26¾-4.27¾	1¾-1½c pm	4.56	4¾-4¼ pm	4.04
Belgium	76.59-76.83	76.60-76.70	1c pm-4 dis	−0.23	par-9 dis	−0.23
Denmark	13.73¾-13.76	13.74¼-13.75¼	¼-1¼ore dis	−0.65	3¾-4¾ dis	−1.16
Ireland	1.2217-1.2285	1.2240-1.2250	0.22-0.39p dis	−2.99	0.78-0.95dis	−2.84
W. Ger.	3.78¾-3.81¼	3.78¾-3.79¾	1¾-1½pf pm	5.14	4¾-4¼ pm	4.46

Belgian rate is for convertible francs. Financial franc 77.45-77.55. Six-month forward dollar 0.63-0.68c dis, 12-month 1.50-1.65c dis.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.20-63.30.

OTHER CURRENCIES

* Selling rate.

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

*CS/SDR rate for Oct 10: 1.30456.

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Asian $ (closing rates in Singapore): Short-term 10⅛-10¼ per cent; seven days 10½-10⅝ per cent; one-month 10$^{11}/_{16}$-10$^{13}/_{16}$ per cent; three months 11$^{3}/_{16}$-11$^{5}/_{16}$ per cent; six months 11$^{5}/_{16}$-11$^{7}/_{16}$ per cent; one year 11⅜-11⅞ per cent. Long-term Eurodollars: two years 12½-12¾ per cent; three years 12⅝-12⅞ per cent; four years 12¾-13 per cent; five years 12⅞-13⅛ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates mostly firmer

Interest rates showed a small upward movement in London yesterday, reflecting a continuation of the shock waves caused by a higher than expected increase in UK money supply figures. Market sentiment remained fairly evenly divided, however, with sterling's steady performance and a resumption of talks to end the miners' strike suggesting to some the increased possibility of lower UK base rates. Tuesday's banking figures may have effectively postponed any move in this direction, however.

Three-month interbank money was quoted at 10$\frac{7}{16}$-10$\frac{11}{16}$ per cent against 10½-10$\frac{11}{16}$ per cent while three-month eligible bank bills were bid at 10$\frac{5}{32}$ per cent from 10¼-10$\frac{5}{16}$ per cent. Overnight interbank money reached 11¼ per cent before slipping away towards the close to 5 per cent.

The Bank of England forecast a shortage of around £650m with factors affecting the market including matering assistance and a take up of Treasury bills together draining £260m and a rise in the note circulation a further £10m. The unwinding of previous sale and repurchase agreements drained a further £375m while banks brought forward balances £90m below target. On the other hand Exchequer transactions added £65m.

To help aleviate the shortage. the Bank offered an early round of assistance. This comprised purchases of £98m of eligible bank bills, £5m in band 1 (up to 14 days) at 10¼ per cent, £60m. in band 2 (15-33 days) at 10⅜ per cent, £11m in band 3 (34-63 dyas), at 10¼ per cent and £22m in band 4 (64-91 days) at 10¼ per cent. Additional help in the morning was made up of £8m of eligible bank bills in band 2 at 10⅜ per cent and £16m in band 3 at 10¼ per cent, all bouhgt outright and £18m of eligible bank bills in band 4 at 10¼ per cent, also bought outright. In addition it arranged sale and repurchase agreements on £460m of bills at 10¾-10$\frac{13}{16}$ per cent, unwinding on October 31.

The forecast was later revised to a shortage of around £700m. before taking into account the earlier help and the Bank gave additional help in the afternoon of £50m. This comprised purchases of £36m of eligible bank bills in band 3 at 10¼ per cent and £14m in band 4 at 10¼ per cent. It also provided late asistance of £95m. making a total of £745m.

Three-month interbank money was quoted at 10$\frac{7}{16}$-10$\frac{11}{16}$ per cent against 10½-10 $\frac{11}{16}$ per cent while three-month eligible bank bills were bid at 10$\frac{5}{32}$ per cent from 10¼-10$\frac{5}{16}$ per cent. Overnight interbank money reached 11¼ per cent before slipping away towards the close to 5 per cent.

UK clearing banks' base lending rate 10½ per cent (since August 20)

MONEY RATES

Oct. 11	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.55-5.65	10⅞	1-1⅛	6⅜-6½	6.09375	17-17⅜	8.65	12⅝-12⅞
One month	5.75-5.90	11-11⅛	4⅝-4¾	6$\frac{5}{16}$-6¼	6.21875	16⅞-17¼	10⅞-11⅛	12¾-13
Two months	5.75-5.90	11$\frac{1}{16}$-11$\frac{3}{16}$	—	—	—	—	—	12⅞-13⅛
Three months	5.95-6.10	11$\frac{1}{16}$-11$\frac{3}{16}$	5¼-5⅜	6$\frac{5}{16}$-6$\frac{7}{16}$	6.54375	17⅛-17½	10⅞-11⅛	13-13¼
Six months	6.00-6.15	11$\frac{1}{16}$-11$\frac{3}{16}$	—	6$\frac{5}{16}$-6½	—	—	10⅞-11⅛	13⅛-13½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11	—	5¾	—	—	—	—

LONDON MONEY RATES

Oct. 10 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)
Overnight	—	5 11¼	11	8-11⅜	5-10¾	—
2 days notice	—	—	10⅞	—	—	—
7 days or	—	—	—	—	—	—
7 days notice	—	10¾ 11⅛	10⅞	11⅛-11¼	10½-10¾	—
One month	10$\frac{9}{16}$ 10$\frac{7}{16}$	10¾ 11⅛	10¾	11⅛-11¼	10½	10$\frac{13}{32}$
Two months	10$\frac{11}{16}$ 10⅝	10⅝ 10¾	10¾	10⅞	10⅞	10¼
Three months	10⅝-10½	10$\frac{7}{16}$-10$\frac{11}{16}$	10¾	10¾	10	10
Six months	10⅜ 10$\frac{5}{16}$	10¾ 10⅝	10⅝	—	—	—
Nine months	10⅜ 10$\frac{5}{16}$	10⅝ 10¾	—	—	—	—
One year	10⅝-10$\frac{7}{16}$	10⅝-10¾	10⅛	—	—	—

Discount Houses Deposit and Bill Rates

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	11-10¼	—	10¾	10.8 10.7	9$\frac{9}{16}$-9$\frac{7}{16}$	9$\frac{7}{16}$-9$\frac{11}{16}$
Two months	10⅞-10⅛	—	10⅝	10.8 10.8	9$\frac{9}{16}$-9$\frac{11}{16}$	9$\frac{11}{16}$-10
Three months	10¾-11	—	10⅝	10.9-11.0	9$\frac{9}{16}$-9$\frac{11}{16}$	9⅞-10$\frac{1}{16}$
Six months	10⅝-10⅝	—	10⅝	11.25-11.35	9¾-10	10-10$\frac{5}{16}$
Nine months	10⅝-10⅞	—	10$\frac{11}{16}$	11.25-11.45	—	—
One year	10⅝-10⅞	—	10¾	11.45-11.65	10-10¼	10$\frac{1}{16}$-10⅝
Two years	—	11⅛	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period September 5 to October 2 1984 (inclusive): 10.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from October 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice 7¾-7½ per cent. Treasury Bills: Average tender rates of discount 9.7343 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 10½ per cent; three-six months 10% per cent; six-nine months 10¾ per cent; nine-12 months 10¾ per cent. Under £100,000 10 per cent from September 12. Deposits held under Series 6 10½ per cent. The rates for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate; Broker loan rate; Fed funds; Fed funds at intervention; Treasury Bills; Treasury Bonds

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. October 11)

3 months U.S. dollars: bid 11 1/8 — offer 11 3/8

6 months U.S. dollars: bid 11 1/4 — offer 11 3/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Late recovery

Prices finished above the day's lows but mostly down from Wednesday's closing levels in the London International Financial Futures Exchange yesterday. Three-month sterling was the notable exception, showing a smal improvement from the previous close. Values resisted downward presure despite this week's disappointing UK money supply figures.

The bullish undertone suggested that the market had postponed rather than cancelled hopes of a cut in UK base rates.

U.S. bond futures opened lower in line with a weaker trend overnight in the U.S. Early trading witnessed further selling until just before the opening of U.S. markets when values recovered, partly on bear covering. In addition a Federal funds rate of 10$\frac{5}{16}$ per cent was seo as a more realistic and sustainable level than the previous level of below 10 per cent with the latter rate having prompted a cautious attitude.

Gilt prices opened weaker on sterling's fal against the dollar and a softer U.S. bond market. Values failed to rally in the morning and the day's lows were touched around noon. However the December contract held a 106-00 chart support level and recovered some ground on profit taking.

The FT-SE contract for December delivery was pushed firmer on Wall Street's strong performance and a beeter close in UK equities.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%†

	Close	High	Low	Prev
Dec	88.61	88.68	88.58	88.70
March	88.31	88.38	88.28	88.41
June	88.01	88.07	87.97	88.11
Sept	97.71	87.74	87.68	87.82
Dec	87.43	—	—	87.54

Estimated volume 3,803 (4,988)
Previous day's open int 10,158 (10,814)
† Repriced.

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Dec	113.85	113.86	113.20	113.05
March	113.85	—	—	113.05

Estimated volume 339 (173)
Previous day's open int 736 (724)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	67-19	67-22	67-11	67-23
March	67-01	—	—	67-05

Estimated volume 586 (1,686)
Previous day's open int 1,070 (1,033)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	67-06	67-10	67-01	67-03
March	66-15	66-19	66-15	66-13
June	—	—	—	65-26
Sept	—	—	—	65-08
Dec	—	—	—	64-23
March	—	—	—	—
June	—	—	—	63-27

Company Notices

Asian Development Bank

10¼ per cent. Loan Stock 2009

S. G. Warburg & Co. Ltd. announces on behalf of the Asian Development Bank that in the six months preceding 24th September, 1984, £250,000 nominal amount of the above Loan Stock was cancelled pursuant to the Purchase Fund in respect of the twelve month Purchase Period ending on 28th February, 1985. As at 24th September, 1984, £99,750,000 nominal amount of the above Loan Stock was outstanding.

S.G. Warburg & Co. Ltd.
Purchase Agent

12th October, 1984

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN MITSUI & CO LTD, TOKYO

We are pleased to confirm that copies of the Annual Report for the year ended March 31st, 1984 of Mitsui & Co Ltd. are now available to EDR holders upon application to the following sub-depositaries:
Citibank branches in:
Amsterdam, Brussels, Frankfurt, Milan, Paris. Citibank (Luxembourg) S.A., Kredietbank S.A. Luxembourgeoise, Luxembourg.
Bank of Tokyo branches in:
Brussels, Dusseldorf, London, Milan, Hong Kong, Paris.

October 12th, 1984 — CITIBANK N.A. London Depositary

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN SHARP CORPORATION

We are pleased to confirm that copies of the Annual Report for the year ended March 31st, 1984 are now available to EDR holders upon application at the offices of the Depositary, Citibank, N.A. 336 Strand, London WC2R 1HB and the Agent, Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg.

CITIBANK N.A. London Depositary

RORENTO

RORENTO N.V.

The Management of Rorento N.V. hereby gives notice that with effect from 15 October 1984 the par value of the Company's ordinary shares is changed from Fls. 50 to Fls. 10 resulting in a five-for-one share split.

Holders of share certificates to bearer should present these to:

National Westminster Bank PLC
Stock Office Services
3rd Floor (Counter)
20 Old Broad Street
LONDON EC2

for OVERSTAMPING to show that the certificates in current issue now represent five times the number of shares indicated therein (on business days between the hours of 10 a.m. and 2 p.m., accompanied by the special lodgement form which is available at the above address).

Certificates representing shares of par value Fls. 10 will subsequently be available in the denominations of 1; 5; 10; 100; 1,000; 10,000 and 100,000 shares.
12 October 1984.

NOTICE OF PURCHASE
US$100,000,000
BARCLAYS OVERSEAS INVESTMENT COMPANY B.V.
8½% GUARANTEED BONDS 1992
Guaranteed on a subordinated basis by Barclays Bank International Limited

NOTICE IS HEREBY GIVEN to holders of Bonds of the above issue that US$2,189,000 nominal was purchased during the period ending 15th September, 1984.

UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

London,
12th October, 1984.

DIMOSIA EPIHIRISIS ELEKTRISMOU
(Public Power Corporation)

US$50,000,000
FLOATING RATE NOTES DUE 1994

NOTICE IS HEREBY GIVEN that for the interest period commencing on 15th October 1984 the Notes will bear interest at the rate of 11$\frac{13}{16}$% per annum. The interest payable on 15th April 1985 against Coupon No. 5 will be US$29,859.38 per US$500,000 Note.

Fiscal Agent
ORION ROYAL BANK LTD.

US$ against diamonds

We are buying diamonds (one carat and up) at market price for cash in US$

Please send all information with copies of certificate HRD or GIA only, to:

SAFI SA
84 rue du Rhone, 1204 Geneva

Art Galleries

AGNEW GALLERY, 43, Old Bond St., W1. 0-629 6176. Master Prints Old and Modern including Maurice Denis Lithographs "Amour." Until 31 Oct. Mon.-Fri. 9.30-5.30; Thurs. until 7.

Contracts & Tenders

NOTICE INVITING TENDERS FOR CELLULOID SHEETS

Sealed tenders are invited from reputable firms for the supply of Celluloid Sheets Transparent Type "A"
Size 609.6 mm x 1450 mm x 0.13 mm, Qty 15,000 kg

and

Size 610 mm x 1372 mm x 0.13 mm, Qty 16,000 kg
Specification and tender forms can be obtained on written request from the following, citing Ref. No. SW/Cl/8403091:

Director (EDP), Supply Wing
High Commission of India
Aldwych, London WC2 4NA

Completed tender forms are required to reach us by 3 p.m. on 3rd December 1984.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 10, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of October 10 at 11.00 a.m.
3 month: 11¼ — 6 months: 11½

ECU=$US.72326 — SDR1=$US.990741
Sibor as of October 10 at 11 a.m.
3 months: 11$\frac{5}{16}$ — 6 months: 11⅝

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	8.2382
Algeria	Dinar	5.0882
Andorra	Fr. Franc	9.4937
	Sp. Peseta	173.00
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	95.171
Australia	Dollar	1.2028
Austria	Schilling	21.75
Azores	Port. Escudo	162.00
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	9.4937
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	84.8395
Guinea Rep.	Syli	24.916
Guyana	Dollar (10)	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.65
Hong Kong	Dollar	7.8525
Hungary	Forint	50.563
Paraguay	Guarani (o,o)	240.00
	Guarani (d)	406.50
Peru	Sol (o)	4110.73
Philippines	Peso	18.33
Pitcairn Is	N.Z. Dollar	2.0593
Poland	Zloty (O) (6)	125.64
Portugal	Escudo	162.00
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	9.4937

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential Rates. (h) Non essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Saudi Arabia: Sept 18, Riyal devalued to 3.56. (3) New Zealand: Official devaluation of 20 per cent. July 18. (4) Botswana: Approx. 5 per cent devaluation effective July 9. (5) Aug 4: Upper Volta changed its name to Burkina Faso. (6) Poland: Zloty officially devalued Sept 1. (7) Ghana: 9.09 per cent devaluation effective from Aug 24. (8) Costa Rica: Official devaluation effective Sept 3. (9) Chile: Sept 18, Official devaluation of 19 per cent. (10) Guyana: October 7, Official devaluation of approx. 9 per cent. (11) Norway: Sept. 23, Krone devalued by 2 per cent. For further information please contact your local branch of the Bank of America.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 11.

U.S. DOLLAR STRAIGHTS — [illegible]

DEUTSCHE MARK STRAIGHTS — [illegible]

SWISS FRANC STRAIGHTS — [illegible]

YEN STRAIGHTS — [illegible]

OTHER STRAIGHTS — [illegible]

FLOATING RATE NOTES — [illegible]

CONVERTIBLE BONDS — [illegible]

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OVER-THE-COUNTER

Continued from Page 36

[illegible]

CAPITAL MARKETS

Ford Motor Credit launches FRN into strong market

BY MAGGIE URRY IN LONDON

THE RECENT strength of the Eurodollar floating-rate note market has prompted Ford Motor Credit to launch an issue; banks are more often the borrowers and buyers for FRNs.

Ford's $200m issue has a seven-year life and yields ⅛ per cent over six-month London interbank offered rate (Libor). Front-end fees total ¾ per cent, giving an all-in cost to Ford of nearly 28 basis points over Libor on a compounded basis. Lead-manager is Goldman Sachs, with Deutsche Bank, Swiss Bank International, UBS (Securities) and Commerzbank as co-leads.

The notes were bid at a discount of 65 basis points to the par issue price, inside the total fees, although outside that paid to the underwriters.

Activity was low in the Eurodollar bond market, with prices little changed on the day.

The £100m bulldog issue for Sweden was oversubscribed and lead-manager Morgan Grenfell announced that applications for up to £250,000 worth would be allotted in full; above that, applicants would receive 57 per cent, with a minimum of £250,000. Dealings in £20-paid form start today.

The World Bank launched a Canadian dollar issue into the Asian market through Daiwa Securities. The C$75m deal has a seven-year life and 12½ per cent coupon. Issue price is 99¾.

The D-Mark bond market sagged a little yesterday, with prices down ⅛ to ¼ point. The weight of the new issue calendar was partly to blame.

Demand launched a two-tranche issue of equal sizes totalling DM 300m, through Westdeutsche Landesbank. The five-year portion has a 7⅛ per cent coupon and par issue price. The other half has a 10-year life, a 7¾ per cent coupon and 99¾ issue price. The shorter bond was the more popular of the two but both were bid outside the selling concessions.

The level of the dollar and rising Swiss interest rates caused falls of ¼ point in foreign Swiss franc bond prices.

UBS launched a public issue for the Japanese city of Kobe. Raising SwFr 100m, the 10-year bond has an indicated 5¾ per cent coupon and par issue price. Final terms will be set on October 17.

EMF Bank bond average		
Oct. 11		Previous
101.172		101.237
High	1984	Low
101.329		98.056

WEEKLY U.S. BOND YIELDS (%)

	Oct 10	Oct 3	1984 High	1984 Low
Composite Corp. AA	12.77	12.97	14.23	12.19
Government:				
Long-term	12.16	12.35	13.60	11.51
Intermediate	12.35	12.53	13.79	11.33
Short-term	11.84	11.87	13.22	10.70
Municipal	10.53	10.47	11.14	9.48
Industrials AAA	12.21	12.25	13.66	11.79
Industrials AA	12.63	12.86	14.13	12.02
Utilities AA	12.93	13.06	14.45	12.33
Preferred Stocks	11.76	11.86	12.17	11.07

Source: Standard & Poor's

Austrian revival plan for capital market

BY PATRICK BLUM IN VIENNA

AUSTRIA is to cut the tax on interest on bonds and deposits from 7.5 per cent to 5 per cent as a first measure to revive the domestic capital market.

The decision, taken a week in advance of the presentation of the 1985 budget, was approved last night at the meeting of the executive committee of the ruling Socialist Party.

Dr Franz Vranitzky, the Finance Minister, said after the meeting that the decision would take effect on January 1 1985.

In the first six months of this year there has been a net capital outflow of about Sch 5bn ($232.5m) compared with a net inflow of Sch 12bn in 1983. The banks that traditionally take up most of the bonds on the domestic market have found that they can improve their earnings by buying foreign bonds rather than Austrian ones, which fall under the tax. For the same reason they also prefer to make direct loans rather than buy up local bond issues.

The lack of enthusiasm in the Austrian market was reflected in a fall of 66 per cent in the volume of bonds issues in the first three quarters of this year. Gross bond issues including government bonds totalled only Sch 15.9bn compared with Sch 47.3bn in the same period in 1983.

Dr Vrantizky said that the tax is not the main reason for the "tired capital market in Austria" although he admits that the prolonged discussion that preceded its introduction was harmful. "Some people say abolish the tax and the market will be back to what it was before, but I don't buy that."

The problem is the high differential between domestic and foreign market rates, he argues. Abolishing the tax would not solve the problem because "interest rate differentials would still be there."

Nevertheless the tax has proved unpopular both with the banking community and with the small saver. In addition it has failed to bring in the revenues expected by the Government. The Minister of Finance has calculated that in 1985 it would earn about Sch 3bn on savings deposits and a mere Sch 200m on securities from the tax.

That hardly makes a dent in the net budget deficit, which last year reached a record Sch 65.6bn (gross deficit Sch 91.1bn) so there has been considerable pressure to change the tax or do away with it altogether.

Herr Walter Finger, General Secretary of the Savings Banks Association, welcomed the decision as the second best to abolishing the tax altogether. The savings banks would nevertheless continue to press for the tax to be abolished, he said.

Soviet bank Euroloan

BY PETER MONTAGNON IN LONDON

VNESHTORGBANK, the Soviet foreign trade bank, has launched a fresh loan in the Euromarkets only a week after a previous borrowing was doubled from Ecu 75m to Ecu 150m.

It is raising $100m through a group of banks led by Banque Arabe et Internationale d'Investissement, the Paris-based consortium bank. The credit will bear interest at a margin of ½ per cent over London Eurodollar rates and has a bullet maturity which means that no repayment instalments fall due before the end of its five-year life.

No U.S. banks are expected to take part in the new operation. U.S. bankers say their refusal is basically determined by the low margins now being offered by Vneshthorgbank, although most European bankers say the absence of their U.S. counterparts is actually determined by political considerations.

UK bank launches fund for investors in Indian equities

BY CLIVE WOLMAN IN LONDON

THE FIRST fund to allow foreigners to invest in a portfolio of Indian equities ist being launched today by the British merchant bank Hill Samuel in conjunction with a Bombay merchant bank.

The appearance of the fund, which will invest in a spread of Indian stocks and shares and international bonds, marks the liberalisation of Indian exchange controls and removal of some obstacles to foreign investment.

The fund is directed primarily at Indian expatriates and emigrés, as Indian exchange controls require that at least 60 per cent of the shares in the fund must be held by investors "of Indian origin." The most likely clients are Indians working in the Gulf states, but the definition of Indian origin includes Indian immigrants to the UK and Englishmen born under the Raj. Also, 40 per cent of the fund may be held by UK nationals and other non-Indians.

The fund is controlled jointly by Hill Samuel subsidiary, and Champaklal Investment and Financial Consultancy of Bombay. Champaklal will advise the Hill Samuel managers on the fund's Indian content.

No dividends will be paid out of the open-ended Jersey fund which is issuing redeemable preference shares. As the income is "rolled-up," UK residents will be liable to income tax on all the returns from the fund but only when they cash in their holdings.

هكذا من الأصل